

Global implications of cause-related loyalty marketing

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Abstract

Purpose – Loyalty programs (LPs) worldwide are maturing even as such programs are growing at a sluggish pace and losing appeal among consumers. This creates a need (and a potential opportunity) for firms to redesign their LPs that better resonates with their customers. The purpose of this paper is to identify that reorienting LPs to focus on societal and environmental causes, in addition to economic causes, can revive the growth of LPs.

Design/methodology/approach – This study uses a triangulation approach to integrate knowledge from past research, managerial insights and the popular press that is used in two ways. First, this study identifies a dominant logic in the evolution of LPs toward a focus on societal and environmental causes. Second, based on this evolving logic, this study advances a framework to design cause-related LPs that is an integration of a firm's economic, societal and environmental imperatives.

Findings – The proposed framework submits that designing a LP consisting of tangible and intangible characteristics will lead to the increased adoption of LPs by the focal industry firms, and the increased acceptance of LPs by customers across all focal industry firms, while moderated by the competitive pressure faced by firms, and the prevailing regulatory framework. Further, the adoption and acceptance of LPs by firms and customers, respectively, will lead to the realization of established LP outcomes, while moderated by the intensity of customer usage.

Research limitations/implications – Based on the proposed framework, this study identifies important implications for customers, firms, society and the environment worldwide in redesigning their LPs.

Originality/value – By integrating various sources of knowledge (academia, business and press) from multiple domains (e.g. marketing, sociology, environmental studies and finance), this study presents an integrative framework that presents a holistic approach in redesigning LPs.

Keywords Marketing strategy, Multinational companies, Loyalty programmes, Brand loyalty, Cause-related marketing

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Introduction

A loyalty program (LP) constitutes a marketing process that generates rewards for customers, based on their repeat purchases or engagement with the brand (Kumar and Reinartz, 2018, p. 184). Domestic and multinational corporations design and implement LPs to enable the exchange of value between firms and customers. In a global survey, nearly 72 percent of respondents somewhat or strongly agree that, all other factors equal, they will buy from a retailer with a LP over one without (Nielsen, 2016). Specifically in the USA, 72 percent of online adults belonged to at least one LP in 2016, and on average, those enrolled in LPs report that they belong to nine (Collins *et al.*, 2017). Further, while US consumers held 3.8bn memberships in LPs in 2017, the rate of membership growth has slowed to 15 percent in 2017, compared to 26 percent in 2015 (Roesler, 2017). The sluggish growth in membership can be viewed as a maturing of LPs, and creates an opportunity for firms to revisit the design of LPs.

In this regard, a global survey found that consumers are making decisions not just on product selection or price, but also on what a brand stands for. For instance, 62 percent of global consumers want companies to take a stand on current and broadly relevant issues such as sustainability, transparency and fair employment practices (Barton *et al.*, 2018). The survey also found that in addition to customers complaining when they are disappointed by a brand's action on a social issue, 47 percent walk away in frustration, with 17 percent not coming back. Therefore, how a firm appeals to consumer values can directly impact the profitability of firms.



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Consider the case of Unilever. The company has realized that it must do more to fight plastic waste. According to the company's Chief Executive Alan Jope, "I sometimes wonder if it's a fair accusation that we're in the branded litter business [...] That's what people care about right now" (Chaudhuri, 2019). Further, Unilever has found that over half of all consumers already buy or want to buy sustainably, 33 percent already purchase products with sustainability in mind, and a further 21 percent do not currently, but would like to. In line with this trend, Unilever (2019) has instituted a Sustainable Living Plan consisting of three important goals –improving health and well-being for more than 1bn by 2020; halving their environmental footprint by 2030; and enhancing the livelihoods of millions while growing the business. Following this, 18 of Unilever's top 40 brands are now sustainable living brands (e.g. Lifebuoy, Ben & Jerry's, Dove and Hellmann's), with more brands being added to this list. Put together, Unilever's (2017) sustainable living brands grew 50 percent faster than the rest of the business, and delivered more than 60 percent of their growth in 2016. Additionally, the company has implemented the sustainable living approach to reward programs targeted at professional chefs for their food service business by implementing the USF Chef Rewards program[1]. For instance, professional chefs in the UK can sign up for this program on the company's website and nominate up to three preferred wholesalers. Then, based on their purchases (many of the eligible brands being sustainable living brands), the chefs collect reward points every month and will cover sales orders placed the previous month. Therefore, by integrating social, environmental and economic performance into LPs, companies can work toward delivering value at all levels of the value chain.

To better understand the how firms can successfully integrate economic, societal and environmental concerns within a LP, this study's aim is to present a cause-related loyalty marketing framework that succinctly captures the above-mentioned three elements, and identify the global implications for such a program. The rest of the study is structured as follows. First, we identify the evolution of a new dominant logic for LPs, in light of the increasing consumer awareness of societal and environmental causes. Next, we present the cause-related loyalty marketing framework that integrates societal, environmental and economic imperatives for firms into designing LPs. Here, we note that when firms consider tangible design characteristics (i.e. economic aspects) along with intangible design characteristics (i.e. societal and environmental aspects), it is possible to design LPs that can be adopted by more firms in the focal industry, and accepted by more customers across all firms in the focal industry. Further, we argue that the increased adoption (by firms) and acceptance (by customers) of LPs can lead to enhanced firm outcomes along the lines of economic, societal and environmental performance. Further, we identify moderating factors that influence these relationships. Finally, we identify the global implications of implementing such a framework with respect to evolving business trends.

A new dominant logic for loyalty programs

With the onset of customer centricity (Shah *et al.*, 2006), firms have based their development on a deeper understanding of customers' needs. Such an organizational realignment (over a formerly adopted product-centric approach) has trained firms to be acutely aware of changing consumer trends and preferences and approach them accordingly. Further, with the identification of the importance of adaptive organizations (Dessein and Santos, 2006; Day, 2011), firms are now more able and willing to undergo structural changes in order to develop adaptive business models that are a reflection of changing market requirements. Now, with a heightened consumer awareness of societal and environmental issues, firms have to realign their approach to accommodate such consumer expectations, or be left behind. Among other organizational components, the necessity to realign to conform to societal and environmental awareness also applies to LPs.

Traditionally, LPs were designed to help boost sales revenue or market share through customer acquisition (e.g. Ehrenberg *et al.*, 1990). Then the role of LPs was expanded to include a defensive purpose, whereby closer relationships between the firm and customers were developed by encouraging repeat-purchase loyalty (e.g. Sharp and Sharp, 1997). In this regard, substantive research on LPs has focused on improving behavioral loyalty (e.g. Mägi, 2003). Further, LPs have also been identified as improving attitudinal loyalty by creating an invisible exit barrier for customers (Shapiro and Varian, 1999, p. 128). Subsequently, LPs developed beyond cultivating attitudinal loyalty and enhancing behavioral loyalty toward ensuring profitable customer loyalty, wherein the focus of LPs was directed at building and sustaining future customer profitability (Kumar and Shah, 2004). Now, with an increasing focus on societal and environmental causes by consumers, firms are refocusing their LPs by incorporating significant changes. Table I tracks the evolution of a new dominant logic for LPs.

As identified in Table I, the following changes along key dimensions seem to indicate the emergence of a new dominant logic for LPs.

Level of operationalization

A structural change in the management of LPs corresponds to a shift from the customer level to the societal level. Whereas a customer-level approach focused on capturing individual data that can later be used for LP management for a defined customer group(s), a societal-level approach centers on what matters to the society as a whole. By being attuned to the personal feelings and opinions most valued by consumers, firms establish initiatives that are seen by their consumers as valuable for the greater good. For instance, globally, Starbucks has made deep commitments such as creating more green stores

Dimension	Traditional LPs: program centric	Contemporary LPs: customer centric	Evolving LPs: cause related
Level of operationalization	Aggregate	Customer	Society
Program type	Standardized (based on usage or spend)	Customized (based on type of usage, or type of spend)	Personalized (based on usage type, spend type and cause dependent)
Reward scheme	Aimed at repeat purchase	Aimed at influencing specific behavioral change or attitudinal gratification	Aimed at addressing specific causes through a specific attitudinal and/or behavioral change
Reward options	Minimal	Multiple (through partners and alliances)	Distinct (focusing on specific causes)
Reward mechanism	Reactive	Reactive and proactive	Sensitive
Reward type	Tangible	Tangible and experiential	Tangible, experiential and unifying
Program objective	Build market share, increase revenues, encourage repeat visits or usage	Link loyalty to profitability, influence behavioral loyalty, cultivate attitudinal loyalty	Integrate economic, societal and environmental firm imperatives
Metrics used	Customer activity and value metrics (e.g. RFM, PCV, SOW)	Customer profitability (e.g. CLV)	Holistic (e.g. triple bottom line)
Technology and analytics usage	Minimal	Extensive	Extensive and varied

Source: Adapted and expanded from Kumar and Shah (2004)

Table I.
New dominant logic
for loyalty programs

(i.e. energy-efficient construction), migrating toward the use of reusable cups, and the goal of phasing out plastic straws by 2020, procuring fair-trade coffee to promote local coffee growers, and purchasing renewable energy for each global market to promote local renewable energy generation. These efforts have endeared Starbucks to its global customers and continue to drive the success of its LP. In this regard, research has found that future brand purchases are positively impacted by brand relationship factors such as satisfaction, trust and attachment to the brand (Esch *et al.*, 2006).

Program type

In existing LPs, some programs reward customers based on the type of fare paid, and not just usage. For instance, Lufthansa's Miles & More program calculates miles earned based on the distance flown and booking class. Further, their tier-based LP recognizes and rewards customers based on the status held and spending pattern[2]. However, with a cause-related LP, firms can expand their business by focusing on what matters to their customers. For instance, a study found that millennials are two times more likely (over the overall investor population) to have made a purchase because of a brand's environmental or social impact, and three times more likely to work at or apply to a company because of its stance on issues (Morgan Stanley, 2017). Therefore, designing a LP that caters to what is valued most by consumers is likely to lead to success.

Reward scheme

Existing LPs collect several pieces of information (e.g. demographics, likes and dislikes, and shopping behavior) in order to design relevant rewards. However, since existing LPs are aimed specifically at influencing behavioral or attitudinal changes, they are susceptible to the effectiveness of personalization. In this regard, research has identified that the success of personalization initiatives can be constrained by the volume and quality of customer information; the ability of firms to generate insights from customer data; and the effective implementation of insights (Arora *et al.*, 2008). Instead, we offer that when firms set behavior or attitude changes as a means of addressing specific societal and/or environmental issues, rather than the goal itself, the constraints of personalization identified earlier would be much reduced (Bhattacharya and Korschun, 2008). This is because the firm can approach their customers with their plan to address specific societal/environmental issues and can expect support and participation from customers forthwith.

Reward options

Existing LPs aim to promote multiple reward options by maximizing consumption practices. However, research has proposed that maximizing consumption is not the goal of marketing; rather the goal is "to maximize stakeholder welfare which may necessitate promoting responsible (even reduced) consumption and a variety of pro-social and pro-environmental behaviors" (Iyer and Bhattacharya, 2011). Therefore, emerging LPs should reconsider the reward options, focusing on partners and alliances toward societal and environmental needs.

Reward mechanism

The tiered structure of LPs brought in a reactive and proactive focus on rewarding customer loyalty. However, significant economic fluctuations in recent times have led directly to frugality among consumers. For instance, globally, Generation Z kids show strong signs of frugality that includes shopping for sustainable brands (Du and Milligan, 2019). Further, millennials in the USA earn \$2,000 less today compared to their parents in 1980, after adjusting for inflation (Thompson, 2015). These socio-demographic changes create a case

that firms should be vigilant in changing external scenarios. Further, global pressures such as climate change, migration of people and resource depletion have made consumers keenly aware of their responsibility and contribution toward a solution. For example, research has found that 68 percent of Generation Z in the USA identified that doing their part to make the world a better place is important to them, and this directly impacts their buying behavior, with 50 percent stating that knowing that a brand is socially conscious influences their purchase decisions (MNI Targeted Media, 2018). Therefore, we observe that firms will have to be sensitive to such changes around them, and undertake appropriate steps. In this regard, an outside-in perspective can give firms the necessary outlook to be adaptive and sensitive to consumer needs (Day, 2011). Such a change in organizational mindset can drive cause-related LPs.

Reward type

Many firms now provide once-in-a-lifetime experiential rewards as part of their LP rewards. For instance, Neiman Marcus' InCircle is an eight-tiered LP with the highest tier (Chairman's Circle) providing unique and compelling shopping experiences such as in-store dining, jewelry upkeep services, designing one-of-a-kind excursions to extraordinary global destinations, and personalized travel itineraries, and more[3]. Other LPs offering such experiential rewards include Marriott, Kohl's and Sephora, among others. However, we believe the time is ripe for firms to offer experiential rewards that are also environmentally sustainable and socially unifying. For instance, REI is an outdoor cooperative, owned and operated by co-op members. While the paid membership provides tangible benefits such as annual dividends, discounted pricing on classes and global adventure trips, the co-op's commitment to community and environment is one of their most appealing aspects. REI gives almost 70 percent of its profits back to employees, members and nonprofits that support outdoor protection, environmental conservation and responsible recreation (Leighton, 2019). Even though REI membership is not a typical LP, we believe this can serve as a model for future LPs.

Program objective

Many firms operate LPs that have successfully linked loyalty with profitability, as evidenced by the tiered LPs. While linking loyalty and profitability can ensure economic success for the firm and its LPs, we believe that firms can extend the program's focus to also include societal and environmental imperatives. That is, firms can emphasize the importance of societal and environmental well-being in their LPs more effectively than by their reward options. For instance, with the growing concerns of the increasing carbon footprint by air travel, many airlines (e.g. Delta, United, Lufthansa and Cathay Pacific) now have carbon offsetting programs that also involve the participation of customers. As the name suggests, carbon offsetting involves spending money to make up for generating a carbon footprint. Through the programs initiated by the airlines, the carbon offset value contributed by customers (in the form of money or reward miles) is directed toward supporting societal and/or environmental projects that produce clean energy or reduce carbon emissions in other ways. Such firm actions indicate that integrating economic, societal and environmental firm imperatives can be a better way forward for LPs.

Metrics used

Many customer-centric firms now employ customer profitability metrics such as customer lifetime value (CLV) to assess and improve the performance of their LPs. For instance, Nike recently acquired Zodiac Inc., an analytics company that develops tools to forecast CLV, and has undertaken steps to incorporate it to manage their NikePlus LP. Similarly, Wyndham

International's ByRequest program uses CLV to determine the awarding of surprise gifts to their guests.

However, in light of the prominence of the cause-related focus of LPs, we think a holistic metric that can effectively gauge a firm's societal and environmental actions is necessary. Prominent environmental metrics include the usage of renewable energy, the usage of alternative fuel technology for company operations, gallons of water consumed, expenditures for recycling activities, amount of materials sent to landfills and so on. For instance, the UNEP (2014) has identified a core set of environmental indicators pertaining to location use (e.g. access to modes of transportation), plot of land (e.g. land use pattern) and building use (e.g. waste generation, freshwater consumption). Regarding societal metrics, there have been efforts to create community dashboards that measure certain indicators. For instance, CAN – a community partnership comprised of government, non-profit, private and faith-based organizations – publishes an annual report for the Greater Austin and Travis County in Texas that tracks 17 socio-economic indicators to measure the well-being of the area. Each of the 17 indicators tracks key indicators, related goals, targets and key trends that reflect the well-being of the community members. By tracking the indicators over time, the community is able to identify areas where attention and action are needed.

In this regard, research has also identified measurement and reporting approaches to guide firms to measure and monitor their societal and environmental initiatives. For instance, Elkington (1994) introduced the concept of triple bottom line (3BL) that reflects the economic, environmental and social value created by a firm. Recent developments in this area also include the introduction of a sustainable balanced scorecard that embeds the 3BL with the balanced scorecard (Kaplan and Norton, 1996) to include economic, environmental and social perspectives. Firms should consider such metrics or identify relevant metrics that holistically capture their value creation.

Technology and analytics usage

Firms use technology and analytics to power their LPs and continue to draw customer insights. Owing to abundantly available customer data and lowering data storage costs, firms use technology extensively. With the newly emergent focus on cause-related LPs, we can expect the extensive use of technology to continue, as seen with the use of new-age technologies like artificial intelligence, Internet of things, machine learning and blockchain (Kumar and Ramachandran, 2019). Further, we also expect technology usage to be varied in a cause-related LP. This is because firms would now have to keep track of several societal and environmental developments happening around them. For this, they will have to seek data from several sources such as governments, private institutions and non-governmental organizations. Further, firms will also have to collect customer opinion data of society and environment that concern them the most. Overall, the collection and management of varied pieces of data, and the advanced nature of technology used to do so will be a prominent feature of cause-related LPs.

Cause-related loyalty marketing framework

In light of the evolving nature of LPs as discussed above, we propose that LPs can be an effective tool for firms to engage in cause-related marketing efforts. We offer that the best performing LPs are those that sufficiently accommodate both firm and customer expectations. This would manifest in how the various firm- and customer-facing choices are handled by the program designers of LPs. In this regard, we propose a framework that managers can use to design LPs that can substantially accommodate societal and environmental concerns, in addition to the typical business considerations, that can lead to positive firm outcomes.

As illustrated in Figure 1, we characterize the design of LPs across two key dimensions – tangible and intangible. Whereas the tangible characteristics pertain to the LP design features that influence customers' immediate and future transaction behavior with the focal firm, the intangible characteristics pertain to how the LPs can influence immediate and future customer attitudes and perceptions toward the entire offering category. We propose that designing a LP consisting of the tangible and intangible characteristics will lead to two critical LP usage behaviors from customers – the increased adoption of LPs by focal industry firms, and the increased acceptance of LPs by customers across all focal industry firms, while moderated by the competitive pressure faced by firms, and the prevailing regulatory framework. Subsequently, we propose that the adoption and acceptance of LPs by firms and customers, respectively, will lead to the realization of established LP outcomes impacting firms, customers, society and the environment, while moderated by the intensity of customer usage.

LP design characteristics

The LP design characteristics can be broadly classified as tangible and intangible characteristics. Tangible characteristics of LPs refer to the design features that influence customers' immediate and future transaction behavior with the focal firm. Intangible characteristics of the LPs refer to the firm's efforts in influencing current and future customer behavior toward pro-societal and pro-environmental causes. In this regard, we propose that the LP design characteristics (i.e. the reward mechanism, the reward structure, the type of participation by customers, the availability of payment function, the usage options (single vs multi-firm) and the financial management) and the intangible firm efforts involved in effecting a behavioral change among customers (that also includes pro-environmental and pro-societal behaviors) to significantly impact the adoption of LPs by firms, and the acceptance of LPs by customers.

Reward mechanism. This characteristic refers to what the reward is attempting to encourage. Typically, rewards can be effectively used to encourage transactions and/or engagement (Kumar and Reinartz, 2018). With regard to encouraging transactions, LPs are designed to capture customer transaction data based on which reward points are assigned according to pre-identified consumer purchase rules. Subsequently, the reward points are made eligible for the customers toward the exchange of a value-based benefit

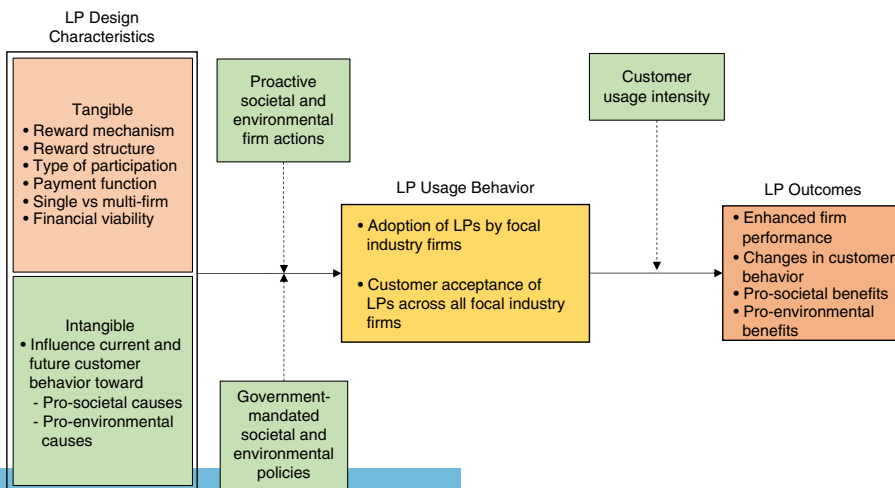


Figure 1.
A framework for
cause-related loyalty
marketing

(e.g. cash rewards, freebies and price discounts) in future purchases. The LPs offered by the airlines in the 1980s, the grocery stores and casinos in the 1990s, and coffee shops and a host of other retail services in the early 2000s are examples of transaction-based rewards. Recently, with the digital transformation impacting marketplaces, firms offer rewards based on customers' engagement behavior. Unlike the transaction rewards, engagement rewards do not require the customer to finalize a transaction. Instead, the reward is to encourage writing reviews, providing feedback, adapting purchase behavior, downloading the mobile LP app, communicating in social media or in-store check-ins, among others (Bruneau *et al.*, 2018). For instance, Citi Cards found that 83 percent of consumers are more likely to participate in a LP if they can access the program easily from their mobile phone, and that 95 percent of customers who are enrolled in LPs are more likely to engage if they can get personalized offers (Morgan, 2019). Further, companies such as Neiman Marcus, Harrods of London and American Express offer experiential rewards to their customers (based on their stated preferences) that are directed toward increasing engagement. Similarly, companies such as Nike, Domino's and Mercedes-Benz have gamified LPs that also appeal to mobile users and thereby expected to engage more (Williams, 2018).

We propose that the purview of rewards (transaction and engagement) can be expanded to also include pro-societal and pro-environmental causes. For instance, Ann Taylor and Loft stores have aligned with the Breast Cancer Research Foundation (BCRF) whereby, part of the proceeds from consumer activity through the LPs will go to BCRF (Roth, 2018). This gives customers the option to engage in philanthropic causes that matter to them. Also, research has shown that environmental sustainability-focused programs (e.g. recycling) help customers to feel good about themselves (Giebelhausen *et al.*, 2016). Additionally, research has established that caring for the environment is positively related to competing for status (Griskevicius *et al.*, 2010). Therefore, LPs (that focus on status) can be used to promote pro-environmental behavior. Further, engaging in pro-environmental behavior can build a pro-social reputation for an individual (Semmann *et al.*, 2005). Therefore:

- Pl.a.* Encouraging customers' focus on pro-social and pro-environmental causes (in addition to transaction and engagement goals) through the reward mechanism of LPs will increase the adoption of LPs by the focal industry firms.
- Pl.b.* Encouraging customers' focus on pro-social and pro-environmental causes (in addition to transaction and engagement goals) through the reward mechanism of LPs will increase the acceptance of LPs by customers across all focal industry firms.

Reward structure. Two popular reward structures are based on the frequency of reward accumulation, and on value contribution (actual or potential) upon which customers are assigned to different tiers. In the former case, no distinction among customers is made with respect to the threshold of earning rewards. In the latter case, each customer tier receives various levels of monetary and non-monetary benefits (e.g. airlines, casinos). Further, research has identified a two-tiered reward structure – where tier 1 focuses on rewarding all customers for their present and past purchases, and tier 2 focuses on influencing customer behavior or attitude in future given the past performance of the customer – to be helpful in building and sustaining loyalty and profitability (Kumar and Shah, 2004). Therefore, contrary to tier 1 rewards, tier 2 rewards are often unstated by the firms and are considered by the firm as “special” rewards for only certain customers (as determined by the firm). Hence, tier 2 rewards can instill a feeling of belongingness among customers toward the firm (Nunes and Drèze, 2006).

Research has shown that consumers are more loyal to communal programs than to programs that simply use financial incentives (Palmatier *et al.*, 2009). Further, communal

programs (e.g. Harley Owners Group, Camp Jeep) evoke stronger emotional ties and makes the LP members less susceptible to switch to competition (Rosenbaum *et al.*, 2005). McGraw and Tetlock (2005) averred that firms could undermine future relationship-building efforts if firms rewarded new customers with a financial-based incentive when looking to develop a communal relationship. For instance, Staples offers the Classroom Rewards program that enables parents to contribute 5 percent of their Back to School purchases to a teacher or school of their choice. This initiative is designed to build, encourage and strengthen closer community bonds that appeal to a certain section of the firm's customer base (Staples, 2019). Similarly, with regard to environmental issues, a study found that 87 percent of US adults will purchase from a company that advocates for an issue that they cared about, and that 76 percent of US adults will not buy a company's offerings if that company supported an issue contrary to their beliefs (Cone Communications, 2017). Therefore:

P2a. Designing the rewards structure of LPs to include pro-societal and pro-environmental causes (in addition to focusing on reward accumulation and value contribution) will increase the adoption of LPs by the focal industry firms.

P2b. Designing the rewards structure of LPs to include pro-societal and pro-environmental causes (in addition to focusing on reward accumulation and value contribution) will increase the acceptance of LPs by customers across all focal industry firms.

Type of participation. Broadly, the requirement to participate in a LP may pertain to two types – opt-in vs automatic, and open vs closed. In the opt-in vs automatic type, the distinction is based on the decision to enroll. That is, customers can either self-select (i.e. opt-in) to join a LP (e.g. Starbucks Rewards program), or be automatically enrolled into a LP by the firm (e.g. Macy's credit card holders are automatically enrolled into their LP). In the open vs closed type, the distinction is based on accessibility. That is, open LPs are accessible for anyone to join (e.g. Kroger Card), while closed LPs are restricted to a specific target group, usually through an invitation or a membership fee (e.g. AAdvantage's invitation-only ConciergeKey, World of Hyatt credit card with an annual fee). Across both types of LP participation, similarities exist between benefits for firms and benefits for customers. That is, firms stand to gain by developing a comprehensive database with important implications for marketing communications, and customers stand to gain by enjoying benefits with important implications for value realization and customer engagement (CE). Largely, it can be viewed that the outcomes for firms and customers from both types of participation pertain to the relational exchange realm, leading to more exchange/engagement potential in the future.

Research has demonstrated that people engage in environmental causes because they intrinsically care about the well-being of the people and their surroundings (Bamberg, 2003). Therefore, campaigns focusing on encouraging customers toward pro-environmental causes can benefit by communicating the fragile condition of the environment. Further, research has found people to be sensitive to the social and reputational aspects of conservation and cooperation (Haley and Fessler, 2005), and people are more likely to make financial contributions to environmental conservation when the giving is public and can influence one's reputation (Milinski *et al.*, 2002). Finally, research has also identified that pricing green products low and offering financial incentives to buy the green products can be effective in encouraging customers to go green (Van Vugt *et al.*, 1995). Therefore:

P3a. Inviting customers to participate in a LP that facilitates involvement in pro-societal and pro-environmental causes and makes such involvement visible to other members of the society (in addition to the decision to enroll and accessibility requirements) will increase the adoption of LPs by the focal industry firms.

P3b. Inviting customers to participate in a LP that facilitates involvement in pro-societal and pro-environmental causes and makes such involvement visible to other members of the society (in addition to the decision to enroll and accessibility requirements) will increase the acceptance of LPs by customers across all focal industry firms.

Payment function. Some LPs include a payment function to the loyalty cards (e.g. Target's REDCard). Such a move is designed to facilitate an easy and rewarding buying experience, while providing companies the opportunity to collect individual customer data (Robinson, 2019). Further, research has found that customers prefer to pay for offerings, under some conditions, through a combination of cash and reward points, and that LPs that providing this option will be more successful than ones without this option (Drèze and Nunes, 2004). Such a practice is common among airline purchases, hotel purchases and credit card redemption offers from recognized partners. Again, the payment function in most of the existing loyalty cards is limited to the immediate relational exchange benefits (e.g. convenience value for customers, and information value for firms). In this regard, research has identified that LPs using the payment mechanism function largely for purchases alone may not be sustainable in the long term (Nunes and Drèze, 2006).

Research has found that individuals would not pay more for pro-environmental products, suggesting that they may not view pro-environmental products as "normal" offerings (Barber *et al.*, 2014). However, research has found that in some product categories (e.g. car purchases), individuals are willing to pay more, thereby potentially indicating their pro-environmental preferences (Sexton and Sexton, 2014). Further, given that pro-environmental products are typically priced higher than products without explicit environmental positioning, research has indicated that individuals who pay more for pro-environmental products could be signaling their wealth (Delgado *et al.*, 2015). In this regard, competitive altruism can be used to understand these varied findings wherein a customer can contribute to the public good in order to attain status that can generate economic rewards and intrinsic value (Hardy and Van Vugt, 2006).

With regard to pro-societal behavior, research has shown that making such behavior public increases the overall behavior throughout the society. For instance, when individual voter participation is shared with neighbors, participation rates increase (Gerber *et al.*, 2008). Further, in encouraging pro-societal change, research has identified the importance of establishing the salience of social identity, and that the norms associated with the identity are known and also salient (Goldstein *et al.*, 2008). That is, employing descriptive norms (e.g. "the majority of guests reuse their towels") proved superior to a traditional appeal that focused solely on environmental protection. Therefore:

P4a. Encouraging competitive altruism and employing descriptive norms when involved in pro-societal and pro-environmental causes via the payment function of a loyalty card (in addition to focusing on the immediate relational exchange benefits) will increase the adoption of LPs by the focal industry firms.

P4b. Encouraging competitive altruism and employing descriptive norms when involved in pro-societal and pro-environmental causes via the payment function of a loyalty card (in addition to focusing on the immediate relational exchange benefits) will increase the acceptance of LPs by customers across all focal industry firms.

Single vs multi-firm transactions. Firms typically design LPs that recognize only transactions made with them (e.g. Starbucks Rewards recognizes only transactions made by customers at Starbucks locations), or recognizes transactions also made with other partnering firms (e.g. members of Lufthansa's Miles & More program can collect and redeem points from purchases made with other partner firms in the LP network). While the

former case may keep the LP focused, it may come at the cost of the growth of the program. In contrast, while the latter case may generate more visibility and traction to the LP, including too many partner firms may also cause dilution in focus and meaning of the LP. With LPs focusing largely on monetary incentives, research has called for firms to communicate higher-order value to customers (Meyer-Waarden, 2007). We propose that higher-order value to customers can be delivered in two ways – focusing on pro-environmental causes, and focusing on pro-societal causes.

Regarding communicating pro-environmental causes, the interest and inclination to get involved in environmental protection have become stronger and more prevalent, as evidenced by a growing market for green products. For instance, the “green economy” (i.e. globally listed equity derived from renewable and alternative energy, energy efficiency, water, waste and pollution services) was estimated to be around \$4 trillion in 2018, and could reach 7 percent of the global market capitalization by 2030 (Tilley, 2018). Further, companies are beginning to feel the need to conserve nature’s value with global organizations such as Jaguar Land Rover, Skanska and Novartis signing up to stringent protocols on the sustainable use of natural capital, as advocated by the Natural Capital Coalition (Benson, 2018).

Regarding focusing on pro-societal causes, communicating social bonds and the importance of a sense of community can positively impact consumer perceptions of LPs and subsequently their usage of LPs. For instance, research has found that consumers’ cognitive and emotional perceptions of the firm are influenced when they are made aware of the firm’s corporate social responsibility (CSR) efforts. Further, those perceptions further affect consumers’ responses to the firm’s relationship marketing programs focusing on societal considerations (Hwang and Kandampully, 2015). Further, studies show that consumers express favorable attitudes toward socially responsible companies (Sen *et al.*, 2006), and that in light of consumers’ societal contribution, consumers appreciate similar efforts by firms (Palmatier *et al.*, 2009). Therefore:

- P5a.* Offering higher-order value to customers through the LPs by encouraging pro-societal and pro-environmental customer practices (in addition to recognizing transaction made with single or multiple firms) will increase the adoption of LPs by the focal industry firms.
- P5b.* Offering higher-order value to customers through the LPs by encouraging pro-societal and pro-environmental customer practices (in addition to recognizing transaction made with single or multiple firms) will increase the acceptance of LPs by customers across all focal industry firms.

Financial viability. The benefits of a LP are typically ascertained through an evaluation of the costs incurred and revenue generated from the implementation of the LP (Kumar and Reinartz, 2018). Regarding the costs incurred, pre-launch costs include set-up costs, technology costs, personnel costs and other variable operating costs; and post-launch costs include reward servicing costs (e.g. discounts, promotion), customer database costs and general administrative costs in running the program. Regarding revenue, firms consider direct revenue (e.g. membership fees) and indirect revenue (e.g. retention and nurturing of customers, CE) realized from the LP. Importantly, estimating the indirect revenue can be especially challenging for firms. Therefore, arriving at a true estimate of LP benefits (from a financial standpoint) is not always straightforward.

Antecedents of pro-environmental behavior have included prompts (e.g. warnings, reasoned argument and facts, and threats) relating to the harmful effects of certain individual actions that negatively impact the environment. Such antecedents have been identified as attractive intervention tools due to their low cost (Lehman and Geller, 2004).

Further, other factors such as status, comfort, effort and behavioral opportunities are known to influence attitude toward environmental behavior (Steg and Vlek, 2009). For instance, one may behave environment-friendly in waste recycling, while behaving in an environment-burdening manner in the transport domain (Gatersleben *et al.*, 2002). In this regard, changing purchasing behavior (e.g. considering environment-friendly alternatives) generally has a greater environmental benefit than reusing or recycling available products (Gardner and Stern, 1996). Additionally, when behaving pro-environment is costly, research has suggested that revisiting the circumstances under which certain behavioral choices are made may result in identifying opportunities conducive to act pro-environment. Further, such opportunities can also make pro-environment choices relatively more attractive (Van Raaij, 2002). Therefore, approaches focusing on communicating relevant information and making structural alterations to the offering conditions (e.g. availability of certain offerings, legal restrictions) may be better suited toward encouraging pro-environmental behavior, while also establishing the financial feasibility of such a venture.

Regarding pro-societal behavior, it has been argued that the development of social bonds between the customer and the organization with which the customer does business is an important stage in the development of commitment in marketing relationships (Berry, 1995), and that people develop affective commitment for organizations to which they feel they belong (Achrol, 1996). Therefore, relationships built on customers' affective commitment toward the firms may indicate that the customers identify with and like the firm with which they do business. When this is applied to actions involving pro-societal behavior through the LPs, firms may be in a better position to financially validate their LPs. Therefore:

- P6a.* Implementing relevant communication strategies and structural alterations directed toward encouraging pro-environmental customer practices, and developing affective commitment toward encouraging pro-societal customer practices (in addition to considering the costs and revenue) in the LPs, will increase the adoption of LPs by the focal industry firms.
- P6b.* Implementing relevant communication strategies and structural alterations directed toward encouraging pro-environmental customer practices, and developing affective commitment toward encouraging pro-societal customer practices (in addition to considering the costs and revenue) in the LPs, will increase the acceptance of LPs by customers across all focal industry firms.

LP usage behavior

We propose that the LP design characteristics discussed earlier are intended to impact the usage behavior of LPs. We view the intended usage behaviors as the adoption of LPs by firms in the focal industry, and the acceptance of LPs by customers of all firms in the focal industry.

Research has offered that establishing close relationships with customers is neither appropriate nor necessary for every market, customer or company (Day, 2000). This is because of the varied relationship expectations of customers from firms, and the organizational challenges involved in managing resources to build and sustain customer relationships. In this regard, for the retail industry, research has found that firms are more likely to adopt a LP when having similar product assortments, experiencing high customer purchase frequency, facing high competitive intensity, serving customers with varied levels of profitability, oriented toward customers and decentralized (Leenheer and Bijmolt, 2008). Further, research has shown that LPs become less effective when used by more competing firms (Leenheer *et al.*, 2007). Further, encouraging loyal customer behavior can result in increasing the profitability of customer relationships (Sharp and Sharp, 1997). In this regard,

research on customer acceptance of LPs has demonstrated that the likelihood to stay with the firm and the amount of business generated to the firm increases when consumer participation in LP increases (Verhoef, 2003). Additionally, Bolton *et al.* (2000) find that LP members weigh negative experiences less in their decisions to repeat a visit than do non-members. Studies have also shown that paying close attention to the design elements of LPs can foster the attractiveness of LPs (Roehm *et al.*, 2002; Kivetz and Simonson, 2003). Across several industries, research has evaluated the outcome of adopting LPs from two broad aspects – firm performance and customer behavior.

With regard to firm performance outcomes, prior studies have focused on the short-term firm effects of adopting LPs such as increasing sales through promotions (Drèze and Hoch, 1998), pricing strategies (Kim *et al.*, 2001), customer retention efforts (Verhoef, 2003) and examining store visit probability (Zhang and Breugelmans, 2012), among others. Studies have also focused on the long-term firm effects of adopting LPs such as the long-term impact of a LP on consumers' usage levels (Liu, 2007), understanding the promotion effects of LP members and non-members (Van Heerde and Bijmolt, 2005), and the performance of customer tiers on firm sales (Kopalle *et al.*, 2012), among others. Further, Huang *et al.* (2018) find that a successful LP drives value for the firm and can foster growth. Specifically, they find that members of top-performing LPs are significantly more likely to choose a focal firm's brand over competitors, recommend the focal firm's brand to others, increase their purchase frequency, view the focal brand as their favorite in the product category, pay higher prices to stay with the brand and intend to spend more on the focal brand. Additionally, research has shown that after experiencing better service, behaviorally loyal customers focus less on price and instead shift their focus toward rewards and convenience, which translates into revenue gains for the firm (Umashankar *et al.*, 2017). Therefore, LPs can be useful in improving the firm performance, albeit differently across customer types.

With regard to changes in customer behavior, prior studies have focused on understanding the cherry-picking behavior of customers (Lal and Bell, 2003), investigating the composition of tiers on consumers' perception of status (Drèze and Nunes, 2009), and the conditions for customer repurchase (Bolton *et al.*, 2000), among others. Further, research has found that LPs have opposing effects regarding loyalty and sales from target customers and bystander customers (i.e. customers who observe target customers receive awards) (Steinhoff and Palmatier, 2016). In addition to economic gains, research has also identified that customers' perceived benefits from using the LPs could explain why customers participate in LPs (Bolton *et al.*, 2004). In this regard, Kumar and Reinartz (2016) offer that when perceived benefits outweigh the costs associated in seeking an offering, customer-perceived value is said to be identified, which, in turn, can positively impact customers' behavioral (e.g. choice, loyalty) and attitudinal (e.g. satisfaction, loyalty) outcomes. Extending beyond customer-perceived benefits, the multitude of digital mediums (e.g. internet search, review websites, etc.) are changing the way consumers make purchase decisions. For instance, IHG Rewards Club offers bonus points (in addition to regular points) when program members download the IHG App, sign in and book 2 stays through the app. Therefore, by engaging with customers (through a LP) on traditional and digital mediums, firms can influence changes in customer behavior (Kumar *et al.*, 2019).

We propose that the LP outcomes can be extended to include pro-societal benefits and pro-environmental benefits that exceed the focus on organizational performance. Regarding pro-societal benefits, research has investigated the power of individuals in influencing the behavior of other individuals through social connections. For instance, in a business-to-business (B2B) setting, the elite status members of LPs have a stronger social influence on non-members of LPs, compared to members in lower status (Viswanathan *et al.*, 2017), and in a business-to-customer (B2C) setting, early adopters of a LP significantly influence the adoption of LP by newer adopters (Allaway *et al.*, 2003). Further, research has

shown that the perceived value of pro-societal LPs improves consumer attitudes and participation intentions, and that companies that seem to neglect their responsibilities (e.g. harming the environment) are considered “socially irresponsible” (Hwang and Kandampully, 2015). Additionally, research has found that consumers react more positively to firms associated with social responsibility and LPs with pro-social rewards (Eason *et al.*, 2015). For instance, in the case of hotel LPs, social rewards (e.g. preferential treatment to exclusive offerings that recognizes status) are known to facilitate relational behaviors (e.g. willingness to spread positive word of mouth, contributing feedback to the firm and resistance to switching to other firms) more than economic rewards (Lee *et al.*, 2015).

Regarding pro-environmental benefits, research has identified that green initiatives by firms drive not only the environmental but also the social and economic dimensions of sustainability through recycling activities adopted by firms (Crittenden *et al.*, 2011). In the case of industrial firms, research has proposed opportunities for the use of sustainability-based green initiatives to improve a firm’s connections with their channel partners and can facilitate the success of LPs (Gupta and Kumar, 2013). Specifically, research in the tourism industry has established that offering health-related advantages to customers during their stay at a green property (e.g. organic foods in hotel restaurants, non-chemical-base amenities) and marketing such advantages to them will help customers perceive non-green alternatives as less attractive than green products (Han, 2015). This finding presents important implications for hotels and their LPs. For instance, through the Hilton Honors–Lyft partnership, members of the Hilton Honors LP can earn points when they ride with Lyft, with forthcoming plans to allow members to redeem Hilton Honors Points for Lyft credits. Given Hilton’s (2019) initiative to cut its environmental footprint in half by 2030, this partnership is aimed at creating a positive impact on the environment and community. Similarly, hotels such as IHG and Starwood encourage program members with bonus points when members defer housekeeping services. Such initiatives are designed to encourage program members to adopt environment-friendly practices by having a greener stay. Therefore:

- P7a. An increase in the adoption of LPs by focal industry firms can result in improved LP outcomes (i.e. enhanced firm performance, changes in customer behavior, pro-societal benefits and pro-environmental benefits).
- P7b. An increase in the customer acceptance of LPs across all focal industry firms can result in improved LP outcomes (i.e. enhanced firm performance, changes in customer behavior, pro-societal benefits and pro-environmental benefits).

Moderating factors

In proposing this framework, we identify two factors that moderate the relationship between the LP design characteristics and the LP usage behavior –competitive pressure and the regulatory framework. Additionally, we propose that the relationship between LP usage behavior and LP outcomes is moderated by the customer usage intensity. We discuss these moderating factors in this section.

Proactive societal and environmental firm actions. This factor corresponds to proactive firm-level societal and environmental actions initiated by competition that can exert pressure on the focal firm into responding with similar actions, or else risk being left out. We believe that the proactiveness of firms (as opposed to reactivity) in launching societal and environmental initiatives will spur competing firms to respond with similar measures. In this regard, firms that form networks to build and sustain ties with regional institutions are well-positioned to gain competitive capabilities (McEvily and Zaheer, 1999). Consequently, the Red Queen effect has established that performance increases gained by

one firm as a result of innovative actions tend to lead to a performance decrease in other firms, and the only way competing firms can maintain their performance relative to others is by taking actions of their own (Derfus *et al.*, 2008). Further, Barnett and McKendrick (2004) find that a Red Queen-type of competition makes organizations both more viable and competitively stronger. Additionally, research has identified that corporate political responsibility – a firm's disclosure of its political activities and advocacy of socially and environmentally beneficial public policies – can influence environmental protection activities (Lyon *et al.*, 2018).

In our proposed framework, we expect proactive societal and environmental firm actions to assume any of the following formats – divert existing customer needs toward pro-societal and pro-environmental offerings (e.g. reusable grocery bags instead of plastic bags); create customer awareness to express their needs in societally and environmentally sustainable terms (e.g. shared-services for travel); curb certain consumption practices to instill pro-societal and pro-environmental consciousness among consumers (e.g. the “slow-fashion” model where some fashion companies deliberately slow down the fast-fashion cycle and encourage greater value in use); promote pro-societal and pro-environmental causes (e.g. ethically sourced coffee to help support coffee farmers); and restructure internally to operate in a societally and environmentally sustainable manner (e.g. alternative fuel vehicles to help fight global warming).

An example of a firm that excels in all of the above actions is Patagonia. The outdoor apparel company designs products made from reusable and recyclable materials and finds ways to minimize detrimental environmental impacts throughout the supply chain, thereby firmly placing societal and environmental concerns at the core of the company (Morin, 2019). Such a focus can be seen in Patagonia's various actions such as their successful “Don't buy this jacket” campaign urging customers to consider the environmental cost before buying their products. Additionally, the company popularizes its Worn Wear collection by encouraging customers to trade in used products, and to buy their used products. Further, through their Worn Wear Wagon initiative, the company operates a free mobile repair shop that travels around the country to fix clothes, thereby highlighting the need for reusing products. Other notable pro-societal and pro-environmental initiatives by them include being a member of the 1 percent for the Planet initiative (where companies commit to set aside 1 percent of their sales toward the preservation and restoration of natural environments), funding grassroots environmental action groups, creating the Patagonia Action Works platform that connects committed individuals to organizations working on environmental issues in the same community, and running free recycling services where customers can return any used Patagonia products to be recycled to ensure that their products do not end up in a landfill. Further, the company is part of a grassroots movement called B Corps that committed to enable mission-driven companies to protect and improve their positive impact over time. Other outdoor apparel companies involved with the B Corps initiative include Eileen Fischer, Cotopaxi and Urbane & Gallant, among others. Therefore:

P8a. As proactive societal and environmental firm actions increase, the positive relationship between LP design characteristics and the adoption of LPs by focal industry firms is strengthened.

P8b. As proactive societal and environmental firm actions increase, the positive relationship between LP design characteristics and the customer acceptance of LPs across all focal industry firms is strengthened.

Government-mandated societal and environmental policies. This factor corresponds to the actions of the various levels of governments (e.g. federal, state and city) designed toward encouraging a pro-societal and pro-environmental business climate. In this regard, research

has identified the role of relevant government policies in fostering favorable societal and environmental practices (Albareda *et al.*, 2007; Moon, 2002). This can be seen as a result of changes in the role of governments on two aspects. First, CSR – traditionally featured on the domain of businesses – has also been adopted by governments for a variety of reasons (Steurer, 2010). Second, globalization has ushered in a role reversal among governments and businesses, with governments now being the dependent party and companies playing a more dominant role (Crane and Matten, 2004). Further, the emerging model of CSR-oriented societal governance could be understood on the lines of embedding the social dimension into civil society and self-regulatory market processes (Midttun, 2005). As a result, governments are working alongside business and social institutions in establishing a common narrative on CSR efforts (Albareda *et al.*, 2008).

In our proposed framework, we expect the government societal and environmental policies to assume any of the following formats – to undertake policymaking discussions geared toward pro-societal and pro-environmental causes (e.g. reducing urban-rural inequality); to provide and regulate procedural guidelines for the adoption of societally and environmentally sustainable practices (e.g. land registration policy guidelines to favor sustainable city planning); to identify potential reforms and restructuring required to better address societal and environmental causes (e.g. increasing investments conducive to job-creating enterprises and poverty reduction; to reward pro-societal and pro-environmental consciousness through appropriate incentives (e.g. emission reduction credits, low-interest loans for firms toward environmentally sustainable activities); to penalize actions that are detrimental to society and environment through appropriate measures (e.g. carbon pricing, tax on sugar, soft drinks and tobacco); and interact and participate through partnership initiatives with other stakeholders (i.e. industry, public and governments) to instill pro-societal and pro-environmental consciousness (e.g. governments working with local businesses to reduce greenhouse gas emissions). Therefore:

- P9a.* As government-mandated societal and environmental policies increase, the positive relationship between LP design characteristics and the adoption of LPs by focal industry firms is strengthened.
- P9b.* As government-mandated societal and environmental policies increase, the positive relationship between LP design characteristics and the customer acceptance of LPs across all focal industry firms is strengthened.

Customer usage intensity. This factor refers to the customers' breadth and depth of purchases from the focal firm. Research has shown that customers who buy intensively across multiple product categories are more likely to purchase across multiple channels, and are good prospects for adopting new channels for transacting with the firm. Further, customers who shop across multiple channels are more loyal, are likely to be more active, tend to develop a deeper relationship with the firm and are more profitable than customers who shop in a single channel (Kumar and Venkatesan, 2005; Venkatesan *et al.*, 2007). This is possibly due to a higher level of awareness, comfort and trust in the offerings provided by the firm. Further, the depth and breadth of purchases is indicative of the level of CE. As a result, the broader and deeper a customer's purchases, the more engaged a customer is with the firm (Kumar, 2013). In this regard, it has been shown that highly engaged customers contribute more value to the firm through their purchase transactions, ability to refer other customers to the firm for a reward, power to positively influence other customers about the firm's offerings on social media and ability to provide feedback to the firm for product and service ideas (Kumar *et al.*, 2010). In this proposed framework, we expect that when customers use the offerings of the firms intensively (depth and breadth), their potential toward enhancing firm outcomes in terms of societal and environmental

issues increases, provided the LP operated by the firm is focused on addressing societal and environmental issues. This is because a high level of customer interaction with the firm's offerings would provide more avenues for them to explore and understand the firm's societal and environmental initiatives, and potentially connect with them. Therefore:

P10. As customer usage intensity increases, the positive relationship between LP usage behavior and LP outcomes is strengthened.

Global implications

Based on the proposed framework, we identify the following implications along four stakeholder groups – consumers, firms, society and environment. We offer that while these implications are valid at the global level, certain local accommodations will be necessary to realize the full potential of cause-related LPs.

Consumer implications

The cause-related LP framework draws its strength by closely observing evolving consumer needs and expectations. In this regard, we believe cause-related LPs will positively impact consumers' psychological well-being and quality of life.

Psychological well-being. Traditionally, consumer well-being (CWB) was objectively evaluated based on GDP per capita – the higher the GDP per capita, the higher the CWB. Gradually, this migrated to a more subjective evaluation based on happiness and satisfaction. Based on this evaluation, consumption (i.e. a form of spending money) was promoted in order to attain satisfaction. However, in recent years there is a growing realization that consumption is a complex issue, and that it can have both positive and negative consequences for the consumer, for society and for business (e.g. Quelch and Jocz, 2007). Specifically, spending money has been shown to produce the most lasting happiness when the money is spent on charitable donations (Dunn *et al.*, 2008), things which help foster social relationships (Lyubomirsky, 2007) and experiential purchases (i.e. those made with the primary intention of acquiring a life experience) made them happier than material purchases (Van Boven and Gilovich, 2003). Further, higher levels of materialism have also been associated with lower levels of happiness (Ahuvia and Wong, 2002). Since the proposed frameworks of firms plant societal and environmental issues at the forefront of the functioning of the LP, a cause-related LP would bode well on the psychological well-being of consumers.

Enhanced quality of life. Conventionally, a heightened level of consumption is also expected to lead to a higher quality of life. However, as with the case of CWB, quality of life also has been found to have a complex relationship with consumption. Specifically, research has identified concerns that over-consumption could harm environmental sustainability and negatively impact quality of life (Kilbourne and Pickett, 2008; Varey, 2010). In this regard, research has recommended a responsible approach to consumption (Fisk, 1974). Further, Sheth *et al.* (2011) introduce the concept of mindful consumption that is premised on a consumer mindset of caring for self, for community and for nature. Such mindfulness is expected to curb unwanted consumption, and be cognizant of the ultimate outcomes of consumption. Additionally, negative consequences of materialism have also been identified to affect at the family and societal levels (Belk, 2001). Since the proposed framework operates with a discernible focus toward pro-societal and pro-environmental causes, the adoption of such a LP would work toward fostering a mindful consumption mindset among consumers, and thereby result in a higher quality of life.

Firm implications

When firms implement a cause-related LP, the implications would exceed far beyond the outcomes identified in the proposed framework. Specifically, we identify that implementing such a framework would impact firms on their ability to survive and ease of doing business.

Survival of the adaptable. The proposed framework rests on the philosophy of adaptive organizations. In this regard, research has identified that successful adaptive organizations exhibit tailoring their job function to suit local information (Dessein and Santos, 2006), critical learning skills through contextual interactions (Tyre and von Hippel, 1997), knowledge utilization abilities (Crona and Parker, 2012) and the importance of resilience in transformation (Lengnick-Hall and Beck, 2005). Further, Day (2011) offers that the benefits of adaptive capabilities will only be realized in organizations that are more resilient and free-flowing, with vigilant leadership and more adaptive business models. Given that this framework is built on an “outside-in” perspective of the firms in recognizing consumer concerns, successfully implementing such a framework will depend on the adaptive capabilities of the firms. In this regard, we believe that this could lead to a situation of “survival of the adaptable” instead of the “survival of the fittest.”

Ease of doing business. A key implication of the proposed framework relates to the ability of firms to conduct business operations with ease in their markets of operation. This can be seen on the interplay between the pull factors (i.e. changing consumer preferences creating a pull on firms to address the needs) and the push factors (i.e. firms pushing their offerings to satisfy identified and potential future consumer needs) propelling the market (Kumar and Ramachandran, 2019). In response to the push-pull interplay, customer-centric firms balance their reactive and proactive approaches in business operations. But with the implementation of this proposed framework, firms would adopt a sensitive approach to business operations. This implies a measured and thoughtful approach in interacting with customers by paying close attention to immediate local conditions. Such a change in organizational mindset would make the push-pull interplay seamless and caring on the community and environment, thereby easing the way of conducting business.

Environmental implications

The most recent report on climate change by the IPCC (2014) prominently identifies the harming role played by humans on the environment and noted that “Human influence on the climate system is clear, and recent anthropogenic emissions of green-house gases are the highest in history. Recent climate changes have had widespread impacts on human and natural systems”. Additionally, other negative developments such as adverse weather patterns (e.g. heat waves, drought and floods), rising sea levels and climate migration continue to stress a dire need for change. In this regard, calls to promote mindful practices from academia specifically identify the need to improve personal health and well-being, adopt use of renewable sources of energy, alter diet plans to focus on plant-based foods and reduce unnecessary consumption practices (Sheth *et al.*, 2011; Barrett *et al.*, 2016). The proposed framework (of integrating economic, societal and environmental issues toward furthering firm performance) is a step in this direction, with implications directed toward realizing spillover effects to the environment by the actions of the community as a whole.

Societal implications

The larger implication of the proposed framework on society is a mindset migration from “I” to “us.” That is, use and consumption practices that until now have been driven by individual needs should give way to use and consumption practices benefitting the collective good. In this, communities have a big role to play in influencing the push-pull interplay and changing currently adopted business practices. This is most visible in the case of Iceland. The negative impact of climate change is most visible in the Nordic region, and Iceland has been actively adopting steps to promote societally and environmentally friendly practices. Ranging from banning plastic bags, to toothpaste boxes, to single-use plastics (e.g. straws), to microbeads, Iceland along with countries in the Nordic region have increased

their efforts to change harmful practices, and use policymaking to direct the course-correction. Firms are also leaning into these changing trends and are implementing several pro-societal and pro-environmental initiatives such as packaging-free groceries (e.g. Kroger), use of food waste to power company operations (e.g. Waitrose), avoiding environmentally unsustainable same-day shipping practices (e.g. Rêve En Vert), supporting vulnerable communities (e.g. Patagonia, REI), among others. When more communities espouse the “us” (over “I”) mentality, more firms will start to listen in, at which point the proposed framework can help shape future programs and offerings.

Limitations and future research

This study presents important global implications for designing cause-related LPs. This study provides an early attempt at developing a cause-related loyalty marketing framework that successfully integrates economic, societal and environmental concerns within a LP framework. In doing so, this proposed framework provides evidence that the development of appropriate cause-related marketing strategies can result in positive LP outcomes globally for customers, firms, the environment and the society. However, this study has some limitations that present valuable avenues for future research.

First, this is a conceptual study that investigates the global implications of a cause-related loyalty marketing framework. Future studies can generate additional meaningful insights through empirical testing and validation of the research propositions presented here. Second, given the experiential nature of cause-related LPs, we expect some marketing mix variables to have an impact on the cause-related marketing efforts of the firm. For instance, pricing strategies and distribution strategies of the firm offerings covered by a cause-related LP may play an important role in certain loyalty settings, especially in the emerging markets. Third, while the proposed framework accommodates market conditions prevailing in developed and emerging markets, certain specific countries/geographic regions/country market segments may warrant closer attention. For instance, consumers along the various tiers of the economic pyramid (base, mid and top) within a particular emerging market may differ significantly. This would call for a finer analysis of the cause-related LP design characteristics and cause-related LP usage behavior responsible for the creation of cause-related LP outcomes. Fourth, social media is a critical medium of communication with significant overlaps and intersection with the operation of a cause-related LP that has received limited attention in this study. Future studies can look into the influence of social media on the development and implementation of cause-related LPs. Finally, the implications of the proposed framework largely focus on the conventional B2C cause-related LP contexts (e.g. airlines, telecommunications, retailing, hospitality, etc.). However, its applicability and relevance to B2B contexts and other organizational formats such as education, non-profit and charitable trusts is unknown. This can be a case for future investigations.

Notes

1. USF Chef Rewards (www.unileverfoodsolutions.co.uk/product-catalogue.html).
2. Lufthansa Miles & More program (www.miles-and-more.com/row/en.html).
3. InCircle Program (www.incircle.com/category.jsp?itemId=cat103411&parentId=&siloid=cat103411&navid=topNavMemberBenefits).

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