

The Role of Authentic (vs. Hubristic) Pride in Leveraging the Effectiveness of Cost Transparency

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Abstract

In the era of consumer distrust of corporations, transparency is becoming a must rather than an option. While prior research has explored why businesses should disclose their costs and how consumers may react to such cost transparency, it is still unclear *how* marketers can best communicate cost transparency. The present research offers a practical examination of how and when cost transparency is effective, specifically, by examining the moderating role of authentic and hubristic pride on the effectiveness of cost transparency. Across two experimental studies, the effectiveness of cost transparency is leveraged using authentic pride, whereas hubristic pride decreases it. Further, we empirically demonstrate the mediating role of moral elevation. Overall, the results demonstrate that marketing messages that elicit authentic pride can increase the effectiveness of cost transparency. Hence, the current research highlights how marketers and brands can effectively combine specific emotional appeals with cost transparency to obtain favorable consumer evaluations.

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The Role of Authentic (vs. Hubristic) Pride in Leveraging the Effectiveness of Cost Transparency

Transparency is one of the key means of establishing and maintaining positive relationships between consumers and corporations, especially in gaining and maintaining trust (Kang and Hustvedt 2014). There is a growing trend and consumer demand for greater knowledge about where and how products are made (Bhaduri and Ha-Brookshire 2011), with a focus on issues such as employee welfare and environmental impact (Bateman and Bonanni 2009) and sustainable practices (Kemper and Ballantine 2019). As a key aspect of corporate social responsibility (CSR) (Khosroshahi et al. 2019; Kang and Hustvedt 2014), transparency is also of interest to business ethics scholars (Madsen 2009; das Neves and Vaccaro 2013; Vaccaro and Sison 2011).

From an instrumental perspective, business transparency can lead to strengthened relationships with customers and stakeholders (Vaccaro and Sison 2011; Parris et al. 2016). From an ethical perspective, business transparency also aligns with the concept of moral justification, including the deontological right to information (Beets and Beets 2019), as discussed in religious texts (Vaccaro and Sison 2011) and justice theory (Vaccaro and Madsen 2009). However, the information disclosed by an organization can also lead to criticism of its business practices (Hess 2008) and damage to its image (Turilli and Floridi 2009). Nevertheless, organizations nowadays frequently practice transparency, but to different degrees. In Corporate Social Responsibility (CSR) practices, this has traditionally included providing sustainability reports and certifications (Egels-Zandén et al. 2015). Yet, the demand for transparency about business activities and their impact continues to expand. Indeed, CSR reports are now common practice, when only 20 years ago they were differentiators in the marketplace (KPMG 2017).

There is a current drive to attract belief- or values-driven consumers—those who buy from firms that align with their values (Edelman 2018; Vredenburg et al. 2020). Yet, to stand out from the crowd in a saturated marketplace, firms are seeking ways to differentiate themselves in the hunt for ‘likes’, clicks, and engagement. One such way is highlighting their social responsibility and accountability through ‘radical’ operational transparency (McKinsey & Company 2019). In particular, emerging research on transparency suggests that while disclosure of suppliers’ information and supply chain standards (i.e., environmental and human labor standards) (Bateman and Bonanni 2009; Egels-Zandén et al. 2015) may be more common practice, it is pricing breakdowns and production cost disclosure that are gaining the attention of academics, practitioners, and consumers alike (Mohan et al. 2018). This is because disclosure of costs violates the norm of secrecy around pricing and costs in organizations (Lim et al. 2018), and thus may offer a key means for differentiation and a new way to highlight ‘radical’ transparency (Everlane 2020; McKinsey & Company 2019). In turn, ‘radical’ transparency may communicate and highlight organizational or brand values, such as trust, integrity, and responsibility.

Previous research in this area has touched upon why businesses should disclose their costs (Lowe 2015; Simintiras et al. 2015; Singh 2015), and how consumers may react to such cost transparency (Lim et al. 2018; Mohan et al. 2018). For instance, Singh (2015) argues that cost transparency can increase competitive advantage, leading to an increased customer base and brand loyalty. Other work has provided empirical evidence that cost transparency increases favorable consumer evaluations of a product (Lim et al. 2018; Mohan et al. 2018). However, there is still a gap in the literature with regard to *how* marketers can best communicate cost

transparency and mitigate possible negative consumer reactions. In particular, an examination of how to effectively communicate cost transparency is important to circumvent possible negative reactions (e.g., lower purchase likelihood) to cost disclosures (e.g., perceived as high mark-up).

Given that the use of emotions is a significant element in most advertising and marketing communication campaigns (Poels and Dewitte 2019; Cavanaugh et al. 2015), the present research aims to address this gap by examining the role of discrete emotions such as authentic versus hubristic pride (Tracy and Robins 2007b) in leveraging the effectiveness of cost transparency. Two reasons guided our decision to examine the emotion of pride. First, pride is linked to the concepts of accomplishment (Tracy and Robins 2007a; Griskevicius et al. 2010a) and morality (Hart and Matsuba 2007). Thus, pride aligns with how cost transparency signals a unique level of disclosure that can be seen by consumers as a socially (and morally) orientated business accomplishment. This is because such transparency increases perceptions of justice and fairness (Carter and Curry 2010), and can be seen as a form of competitive advantage (Singh 2015). A sense of pride is also associated with socially responsible and transparent business practices (Sullivan et al. 2013), and especially for employees, resulting in increased engagement (Solis and Lavoy 2015). Second, because the emotion of pride is commonly experienced in everyday situations and consumption experiences (Richins 1997; Scherer and Tannenbaum 1986), it is frequently used as an emotional appeal in marketing campaigns (Septianto et al. 2018; Paramita et al. 2020). Thus, as a common emotion in everyday life and one increasingly used in marketing appeals, pride is relevant to the topic area of cost transparency.

Across three experimental studies, we demonstrate that authentic pride can increase the effectiveness of cost transparency (Studies 1–3), whereas hubristic pride can decrease it (Studies 1 and 2). Further, we predict that moral elevation, a positive emotion associated with viewing a virtuous act and improving the welfare of others (Haidt 2003; Algoe and Haidt 2009), will mediate the interactive effects of cost transparency and pride on consumer purchase likelihood (Studies 2 and 3). In addition to providing strong theoretical and managerial implications by investigating the conditions under which cost transparency can be more (vs. less) effective, the current research also establishes the underlying process of our predicted effects. It demonstrates that moral elevation explains why authentic (vs. hubristic pride) can leverage the effectiveness of cost transparency. Moreover, we add to the literature on pride by demonstrating how the authentic versus hubristic facets of pride can lead to differential effects on consumer decision making, particularly on consumers' evaluation of cost transparency.

Theoretical Development

We start the theoretical development by providing an overview of the importance of transparency in current business practices, and then move to focus on cost transparency. The implications of cost transparency have been highlighted in academic literature (Kuah and Weerakkody 2015; Lowe 2015; Simintiras et al. 2015; Singh 2015), and it has been applied in real-life business contexts such as clothing (e.g., Everlane, Kirsch Supply Co, Hund Hund, and Oliver Cabell). However, there is little empirical evidence examining its marketing and subsequent effects. We then build our arguments on how authentic versus hubristic pride can leverage the effectiveness of cost transparency. We design and conduct three experimental studies, and discuss the implications of our findings, both theoretically and managerially.

Transparency in Business Practices

A recent report indicates a significant lack of trust in businesses, with only 34% of consumers trusting the brands they buy and 21% believing that businesses keep the best interests of society in mind (Edelman 2019). Consequently, while supply chain processes, especially costs, traditionally remain hidden in order to maintain a competitive edge (Lim et al. 2018), this lack of transparency can have negative influences on reputation in the current business world (Kang and Hustvedt 2014). For example, the fall out from ethical scandals relating to worker mistreatment, environmental damage, privacy issues, such as Facebook's Cambridge Analytica scandal, or Google's employee walkouts over sexual assault payouts can cause serious reputational issues for brands (Sims 2009).

Transparency is the sharing and disclosure of information (Albu and Flyverbom 2019). In the context of the firm, it is defined as the level of information revealed about internal processes and performance (Grimmelikhuijsen and Meijer 2012). The ethical and social aspects of transparency highlight several justifications for corporate transparency and its associated implications. Moral justifications include those stemming from the deontological and utilitarian reasoning that sees increased transparency as both ethical and beneficial for stakeholders (Beets and Beets 2019). Previous research has explored the stakeholders' right to corporate transparency, drawing on religious texts (Vaccaro and Sison 2011) and justice theory (Vaccaro and Madsen 2009) for example. However, there is also a balance between corporate risk and ethical rights around corporate disclosure. Indeed, most scholars highlight the balance between the two extremes of secrecy and complete transparency. Menéndez-Viso (2009) develops a theory of corporate transparency, balancing the stakeholders' right to know and potential disclosure risks. In a similar vein, Vaccaro and Sison (2011) and das Neves and Vaccaro (2013) highlight the 'right to the truth' for all individuals, however, they caution balance as the disclosure of some information may harm the common good, subsidiarity, solidarity, and respect for human beings (Vaccaro and Sison 2011).

As the demand for transparency grows, especially in industries such as clothing (because of its well-known labor conditions and environmental impacts) (Hira and Benson-Rea 2017), it is essential for us to examine the various ways transparency can be utilized and encouraged. Hultman and Axelsson (2007) propose four types of marketing transparency: cost and price transparency (disclosure of costs and pricing breakdown), supply transparency (track and trace), organizational transparency (service line of visibility), and technological transparency (shared technological information in the form of product data). While supply chain visibility (encompassing operational and supply transparency) and price transparency are commonly discussed in the literature (Lowe 2015), very little empirical research has been conducted on cost transparency, despite a fruitful discussion on the topic in the *European Journal of Marketing* in 2015 (Kuah and Weerakkody 2015; Lowe 2015; Simintiras et al. 2015; Singh 2015) and its use in practice (e.g., Everlane, Kirsch Supply Co, Hund Hund, and Oliver Cabell).

Cost Transparency

Cost transparency is defined as the disclosure of the costs involved in creating a product or service (Mohan et al. 2018). In practice, cost transparency provides a breakdown of material, hardware, labor, duties, and transport costs. Mohan et al. (2018) demonstrated that cost-transparent wallets were favored over non-cost-transparent wallets by consumers. Cost transparency fostered trust and hence intent to purchase, with the authors arguing that it may

in turn lead to brand loyalty and higher sales. Lim et al. (2018) also examine cost transparency in a monopolistic model showing that disclosing costs works best if products are of low perceived quality differentiation and relatively high unit cost. Conceptually, cost transparency has also been suggested to increase consumer satisfaction and consumer empowerment (Simintiras et al. 2015), as well as offer firms the ability to justify price increases, justify the selling price, or enhance their value proposition (Lowe 2015).

In particular, transparent pricing can be influential in terms of consumer perceptions of price fairness (i.e., a subjective evaluation of price in comparison to competitors' prices) (Miao and Mattila 2007; Ferguson and Scholder Ellen 2013). Notably, cost transparency informs and supports economic and social perspectives of price fairness (Carter and Curry 2010). Specifically, neoclassical theory indicates that consumers should be indifferent to transparent pricing as they will select the least expensive option (considering they are all perfect substitutes) (Carter and Curry 2010). However, in the case of the social perspective, price transparency may increase perceptions of justice and preferences for fairness (Carter and Curry 2010). For example, cost transparency may heighten perceptions of procedural justice (Carter and Curry 2010), the perceived fairness of procedures and rules (Tyler 1988), when consumers can examine the fairness of costings of individual components (i.e., distribution and labor costs and mark-ups). Similarly, feelings of distributive justice may be heightened when customers can see cost allocations to third parties (i.e., labor) (Carter and Curry 2010). For example, with regard to the closely related concept of pay-what-you-want (PWYW), research has demonstrated that contrary to economic theory, PYWY pricing strategy is associated with increased revenue (Kim et al. 2009). Indeed, another study showed that PWYW motivations are associated with avoiding feelings of guilt as well as fairness (Kunter 2015).

Consistent with this notion, previous research has suggested the potential benefits of cost transparency for consumer trust (Kang and Hustvedt 2014; Schnackenberg and Tomlinson 2016) and evaluation of a product (Lim et al. 2018; Mohan et al. 2018). Thus, we propose that providing cost transparency (vs. no cost transparency) should increase likelihood to purchase a product. Although this hypothesis is consistent with prior findings in this area, it is essential to first empirically replicate effects of past findings prior to presenting our unique contributions. Thus, we seek to show the effectiveness of using cost transparency. Stated more formally:

H₁

Cost transparency (vs. no cost transparency) will increase purchase likelihood.

While studies point towards the benefits of transparency and cost transparency in particular, there is still uncertainty about consumer reactions to such transparency. Concerns have been raised about "dual entitlement" (Kahneman et al. 1986), creating unsatisfied consumers who feel that the firm's profit margin is unreasonably high (Lim et al. 2018; Mohan et al. 2018). This situation is exacerbated due to the sensitive commercial nature of information on costs and the small number of retailers who disclose costs, leading to a perception of high mark-ups (Kahneman et al. 1986; Singh 2015), even when consumers know little about other retailers and competitors' costings and mark-ups. In order to circumvent such negative perceptions, it is essential for marketers to understand how to best communicate cost transparency. Thus, more empirical research is needed to explore the parameters and

boundaries of cost transparency. The present research investigates this issue by examining the moderating role of distinct facets of pride.

The Moderating Role of Authentic and Hubristic Pride

Our focal contribution is our argument that distinct positive emotions such as authentic and hubristic pride can differentially influence the effectiveness of cost transparency. Studies in psychology and consumer research over the past four decades have identified the significant role of emotions on consumer judgments and decisions (see Lerner et al. 2015 for a review). In particular, we draw upon the literature on discrete emotions showing that different emotions, positive or negative, can lead to unique influences on decision making (So et al. 2015; Griskevicius et al. 2010b; Septianto et al. 2019).

The current research specifically investigates the emotion of pride. This emotion typically arises when an individual experiences meaningful self-achievement (Griskevicius et al. 2010b; Paramita et al. 2020). It also increases favorable appraisal of self as compared to others (Tracy and Robins 2004). Notably, scholars have proposed that pride has two facets, depending on how an individual attributes their accomplishment: authentic and hubristic pride (Tracy and Robins 2007b). When a success is attributed to controllable, unstable causes such as effort (e.g., “I work hard, thus I am successful”), authentic pride will emerge. In contrast, success attributed to uncontrollable, stable causes such as traits (e.g., “I am great, thus I am successful”) will give rise to hubristic pride (Tracy and Robins 2007b; Carver et al. 2010).

Authentic (vs. hubristic) pride is particularly associated with a genuine sense of self-accomplishment (Tracy and Robins 2007b), thus increasing the desire to purchase luxury products or consume hedonic food as a form of self-reward (McFerran et al. 2014; Septianto 2017; Ngo et al. 2020). Authentic pride can also motivate helping behavior (Michie 2009). On the other hand, hubristic (vs. authentic) pride is associated with arrogance (Tracy and Robins 2007b) and self-entitlement (Septianto et al. 2019; Ho et al. 2016), and thus an increased desire for public recognition (Carver et al. 2010), and it can even lead to unethical behaviors such as cheating (Bureau et al. 2013). Building on these findings, we predict that authentic and hubristic pride may, respectively, lead to distinct effects on the effectiveness of cost transparency.

As described, hubristic pride elicits a sense of self-entitlement (Septianto et al. 2019; Ho et al. 2016). Individuals with high levels of self-entitlement expect to receive more good things than others (Campbell et al. 2004; Stronge et al. 2016). In the marketing context, such expectations materialize in ways such as consumers perceiving they have the right to be prioritized (Wetzel et al. 2014; Septianto et al. 2020a) and to receive “adulation” from the brand (Boyd and Helms 2005; Lacey et al. 2007). While such feelings of entitlement may ostensibly lead to an expectation of receiving more information from the brand (e.g., cost transparency), we expect that consumers experiencing hubristic pride will be less likely to perceive such information (e.g., cost transparency) in a positive way. This is because consumers who feel entitled have an inflated ego-focused self-concept that causes them focus on their deservingness (Wetzel et al. 2014; Septianto et al. 2019). Consequently, the presence of cost transparency will be viewed as information they deserve to receive, rather than as an extra effort from the brand (Morales 2005). In short, consumers experiencing hubristic pride should be less likely to exhibit favorable responses to cost transparency.

In contrast, authentic pride is associated with a genuine sense of self-accomplishment (Tracy and Robins 2007b) and motivates individuals to appreciate effort and hard work (Horberg et al. 2011). As discussed, cost transparency indicates that a brand is being honest and fair about its pricing (Mohan et al. 2018; Ferguson and Scholder Ellen 2013). In addition, practicing cost transparency requires additional time and effort (Kuah and Weerakkody 2015). Thus, while cost transparency in general should lead to favorable consumer evaluations (H_1), we predict that authentic pride can ‘boost’ the effectiveness of cost transparency because this emotion will highlight the efforts of a brand to practice cost transparency (Morales 2005). Hence, we expect an interactive effect between pride and cost transparency, such that authentic pride should enhance the positive effect of cost transparency (H_1), while hubristic pride should attenuate the positive effect of cost transparency (H_1). Formally stated:

H₂

In the cost-transparent condition, (a) an authentic pride (vs. a neutral condition) will increase purchase likelihood, whereas (b) a hubristic pride (vs. neutral condition) will decrease purchase likelihood.

The Mediating Role of Moral Elevation

We further argue that the effectiveness of cost transparency is explained by the emotion of moral elevation. Moral elevation is a positive emotion that arises when witnessing moral goodness such as self-sacrifice, kindness, and prosocial behavior (Haidt 2003; Algoe and Haidt 2009). Most studies examining this emotion have established that moral elevation can motivate prosocial behavior (for recent reviews, see Pohling and Diessner 2016; Thomson and Siegel 2017). However, recent research has further demonstrated that consumers experience moral elevation when witnessing companies performing cause-related marketing and other CSR activities, leading to favorable consumer attitudes and behavioral responses (Romani et al. 2016; Mantovani et al. 2017; Zheng et al. 2019). However, the mediating role of moral elevation remains under-researched (Zheng et al. 2019). Drawing upon these findings and in accordance with our predictions from the preceding section, we expect that moral elevation will be elicited among consumers experiencing authentic (but not hubristic) pride when evaluating a product with (vs. without) cost transparency. Formally stated:

H₃

Moral elevation will mediate the interactive effect between cost transparency and authentic pride on purchase likelihood.

Overview of Studies

Figure 1 depicts the conceptual model for the current research. We conducted three experimental studies to test the hypotheses. Study 1 examines Hypotheses 1 and 2 by collaborating with a clothing brand. We elicit the emotion of pride using advertising messages (Septianto et al. 2018; Cavanaugh et al. 2015). Study 2 extends the findings of Study 1 using a different emotion elicitation method and a different sample (participants recruited from Amazon Mechanical Turk) to test Hypothesis 3—the mediating role of moral elevation. Next, focusing on authentic pride Study 3 examines different elicitation methods (based on Studies 1 and 2) to offer managerial implications.

Fig. 1



Conceptual model

In all three studies, we followed the method for examining the effectiveness of cost transparency proposed by Mohan et al. (2018). Specifically, participants were shown a page depicting a model (same gender as the participants) wearing a product (Men's or Women's V [a V-Neck T-Shirt]), and giving the product name, price, available colors and sizes. Additionally, participants randomly allocated to the cost-transparent condition saw an additional infographic showing operational steps and costs for each step (Mohan et al. 2018). For the dependent variable, we measured participants' purchase likelihood of the product.

Study 1

Study 1 was conducted to provide initial evidence for Hypotheses 1 and 2. We predicted that authentic pride would increase the effectiveness of cost transparency, but hubristic pride would decrease it. Furthermore, we tested this prediction by collaborating with a clothing brand in Indonesia to provide concrete practical implications from our findings.

Methods

Participants and Design

A clothing brand in Indonesia sent an online questionnaire to their database via WhatsApp messages. This database consisted of approximately 50,000 consumers. Note that not all of these consumers had made prior purchases of the brand; for example, some may have sent an inquiry about a product but not made a purchase. In the questionnaire, participants were told the brand had developed mock-up advertisements for a potential new product and was seeking feedback from their customers. Participants were also told that while the mock-up advertisement was still in the development process, the information provided (e.g., cost associated with the operational costs) was accurate. Four hundred participants located in Indonesia (58% females, $M_{age} = 26.86$, $SD = 10.20$) were recruited in Study 1. Note that although the participation rate (approximately 0.80%) seems low, it approximates to levels reported in prior research (Fajardo et al. 2018; Kupor and Laurin 2020). Study 1 employed a 3 (emotion: authentic pride, hubristic pride, neutral) \times 2 (cost transparency: yes, no) between-subjects design.

Procedure

After first completing two demographic questions (age and gender), participants were asked to complete two ostensibly unrelated tasks. In the first task, we manipulated emotion states by asking participants to evaluate an advertisement for the clothing brand (Septianto et al. 2018;

Cavanaugh et al. 2015). The advertisements used identical image but we altered the tagline across emotion states. Specifically, the tagline in the authentic pride condition was, “Be proud of what you can do,” while the tagline in the hubristic pride condition was, “Be proud of who you are” (Septianto et al. 2019). Participants in the neutral condition did not view such taglines.

As emotion manipulation checks, we asked participants to evaluate the extent to which they felt specific emotions (the focal emotion: “proud,” and three filler items: “happy,” “sad,” and “upset”) in response to the advertisement’s emotional appeals, measured on a 7-point scale (1 = not at all, 7 = very much) (Griskevicius et al. 2010b). Following prior research (Septianto et al. 2019; Yang and Zhang 2018), to differentiate authentic and hubristic pride, we also asked participants evaluating the two pride advertisements to rate four statements, measured on a 7-point scale (1 = not at all, 7 = extremely). The items were as follows: (1) “I feel my success is due to my hard work”; and (2) “I truly feel that if other people devoted the same amount of effort, they could be as successful as me” (averaged as an index of authentic pride; $r = 0.78$); (3) “I truly feel that I am superior to others”; and (4) “I feel my success is due to something born to me” (averaged as an index of hubristic pride; $r = 0.79$).

In the second task, participants were shown a page depicting a model (same gender as the participants) wearing a product (Men’s or Women’s V) and giving the product name, price, available colors and sizes. In the cost-transparent condition, participants also saw an additional infographic showing the operational steps and costs for each step. For the dependent variable, participants then indicated their purchase likelihood, measured on a 7-point scale (1 = not likely at all, 7 = very likely), in response to the question, “Given the opportunity, how likely would you be to purchase this product?.”

Assessing Common Method Variance

A confirmatory factor analysis (CFA) revealed acceptable model fit (CFI = 0.990; RMSEA = 0.044). According to prior research, CFI < 0.85 and RMSEA > 0.08 indicate poor fit (Iacobucci 2010; Rigdon 1996). We then assessed common method bias using Harman’s single factor test by conducting a CFA where all the items were loaded on a single factor. This single-factor model showed very poor model fit (CFI = 0.500; RMSEA = 0.178), indicating that common method bias was not a critical issue in this study.

Results and Discussion

Emotion Manipulation Checks

One-way ANOVA showed there were significant differences in the levels of pride across the emotion conditions ($F(2, 397) = 55.24, p < 0.001$).^{Footnote 1} As expected, participants in the authentic and hubristic pride conditions reported higher levels of pride than those in the neutral condition ($M_{\text{authentic}} = 5.99$ vs. $M_{\text{neutral}} = 4.30, t = 9.77, p < 0.001$; $M_{\text{hubristic}} = 5.73$ vs. $M_{\text{neutral}} = 4.30, t = 8.26, p < 0.001$). In addition, participants in the authentic pride condition ($M = 5.87$) were more likely to attribute their pride to their efforts than those in the hubristic pride condition ($M = 5.19, t = 4.27, p < 0.001$). In contrast, those in the hubristic pride condition ($M = 4.18$) were more likely to attribute their pride to their own traits than those in the authentic pride condition ($M = 3.74, t = 2.34, p = 0.020$). These results demonstrated that our emotion elicitation task was successful.

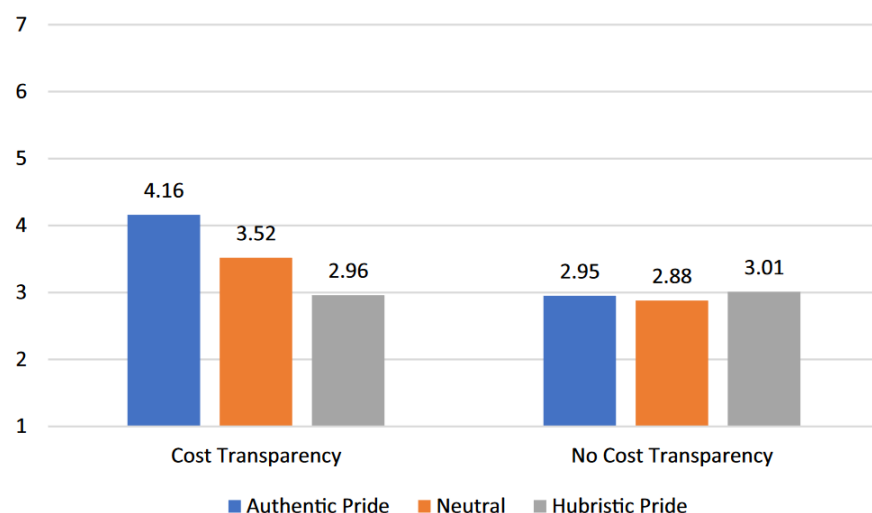
Purchase Likelihood

A two-way ANOVA was conducted with purchase likelihood as the dependent variable, and emotion, cost transparency, and their interaction as independent variables. The results revealed significant main effects of emotion ($F(2, 394) = 5.72, p = 0.004$) and cost transparency ($F(1, 394) = 18.36, p < 0.001$). However, and as predicted, these were qualified by a significant interaction effect ($F(2, 394) = 6.95, p = 0.001$).

Examining the patterns within each emotion condition, participants in the authentic pride condition reported a higher purchase likelihood in the cost-transparent condition ($M = 4.16$) than in the no cost-transparent condition ($M = 2.95, t = 4.76, p < 0.001$). Participants in the neutral condition also reported a higher purchase likelihood in the cost-transparent condition ($M = 3.52$) than in the no cost-transparent condition ($M = 2.88, t = 2.72, p = 0.007$). These results were consistent with our expectation (H_1). However, and as expected, there were non-significant differences among participants in the hubristic pride condition on the level of purchase likelihood in cost-transparent ($M = 2.96$) and no cost-transparent conditions ($M = 3.01, t = 0.26, p = 0.799$).

From a different perspective, planned contrasts showed that in the cost-transparent condition, participants in the authentic pride condition ($M = 4.16$) reported a higher purchase likelihood than those in the neutral condition ($M = 3.52, t = 2.60, p = 0.010$), supporting Hypothesis 2a. In contrast, participants in the hubristic pride condition ($M = 2.96$) reported a lower purchase likelihood than those in the neutral condition ($M = 3.52, t = 2.31, p = 0.022$), supporting Hypothesis 2b. However, and as expected, there were non-significant differences across emotion conditions in the no cost-transparent condition ($M_{\text{authentic}} = 2.95, M_{\text{neutral}} = 2.88, M_{\text{hubristic}} = 3.01; F(2, 195) = 0.16, p = 0.849$; see Fig. 2).

Fig. 2 Purchase likelihood by emotion and cost transparency conditions (study 1)



Discussion

These results provided initial support for Hypotheses 1 and 2. Specifically, we found that cost transparency increased purchase likelihood of a product. Further, Study 1 provided evidence of the moderating role of pride such that when a brand provided cost transparency for their product, authentic pride (vs. a neutral condition) increased purchase likelihood, whereas hubristic pride (vs. a neutral condition) decreased purchase likelihood.

Study 2

Study 2 sought to extend the findings of Study 1 in two meaningful ways. First, we wanted to provide strong empirical evidence for our prediction by using a different emotion elicitation method. In addition, we included the emotion of happiness (in addition to authentic and hubristic pride) because we found in Study 1 that participants in the authentic and hubristic pride conditions also showed high levels of happiness (see footnote 1). While this is consistent with prior research establishing that pride is a positive emotion (Septianto et al. 2019; Griskevicius et al. 2010b), it could raise concerns that happiness (rather than the different facets of pride) moderated the effect of cost transparency on purchase likelihood. Thus, we addressed this in Study 2 by including happiness; we expected that the effect of happiness would be similar to the neutral condition because our predicted effects should be unique to authentic and hubristic pride (H_2). Second, Study 2 empirically tested our prediction that moral elevation should mediate the predicted interactive effect (H_3).

Methods

Participants and Design

Four hundred participants located in the U.S. (45% females, $M_{\text{age}} = 37.20$, $SD = 10.90$) were recruited from Amazon Mechanical Turk. Study 2 employed a 4 (emotion: authentic pride, hubristic pride, happiness, neutral) \times 2 (cost transparency: yes, no) between-subjects design.

Procedure

Study 2 used similar materials and procedure to Study 1 with some exceptions. First, in the first task, we used a reading task to elicit specific emotion states (Griskevicius et al. 2010b; Septianto et al. 2019; Winterich and Haws 2011). Participants were asked to read a short narrative about someone who got an excellent grade in a difficult exam. We highlighted different reasons for success (effort vs. traits) to manipulate authentic and hubristic pride, respectively (Septianto et al. 2019). In the happiness condition, participants read about someone who won a prize (Winterich and Haws 2011). In the neutral condition, participants read about someone doing laundry (Winterich and Haws 2011; Griskevicius et al. 2010b).

Second, we also included a measure of moral elevation after participants evaluated the clothing product. Specifically, we asked participants their emotional responses to the clothing company using the following three items ($\alpha = 0.96$), measured on a 7-point scale (1 = not at all, 7 = very much): “touched,” “inspired,” and “moved” (Septianto 2020a, b). Finally, prior research has suggested that price fairness (Bolton et al. 2003), perceived product quality (Morales 2005), brand attractiveness (Mohan et al. 2018), and consumer skepticism (Sengabira et al. 2019) can influence the effectiveness of CSR strategies. Thus, we also included additional four measures to rule them out as alternative plausible explanations.

Specifically, price fairness was measured with the question (1 = not at all, 7 = very much) “How fair do you think the store’s price is?” (Bolton et al. 2003). Product quality was measured with the question (1 = very low quality, 7 = very high quality) “What is your perception of the quality of the product?” (Morales 2005). Brand attractiveness was assessed by asking participants their agreement on four statements (1 = strongly disagree, 7 = strongly agree): “This clothing company represents ... (1) a brand that is likable; (2) a kind brand; (3) a helpful brand; (4) a friendly brand” ($\alpha = 0.93$) (Mohan et al. 2018). Finally, consumer skepticism was measured by asking participants their agreement on two statements (1 = strongly disagree, 7 = strongly agree): “It is doubtful that this is a socially responsible

brand”; and “It is uncertain that this brand is concerned about improving the well-being of society” ($r = 0.75$) (Sengabira et al. 2019).

Assessing Common Method Variance

A confirmatory factor analysis (CFA) revealed acceptable model fit (CFI = 0.981; RMSEA = 0.043). According to prior research, CFI < 0.85 and RMSEA > 0.08 indicate poor fit (Iacobucci 2010; Rigdon 1996). We then assessed common method bias using Harman’s single-factor test by conducting a CFA where all the items were loaded on a single factor. This single-factor model showed very poor model fit (CFI = 0.411; RMSEA = 0.189), indicating that common method bias was not a critical issue in this study.

Results and Discussion

Emotion Manipulation Checks

One-way ANOVA showed there were significant differences on the levels of pride ($F(3, 396) = 50.90, p < 0.001$) and happiness ($F(3, 396) = 34.19, p < 0.001$) across emotion conditions.^{Footnote 2} As expected, participants in the authentic and hubristic pride conditions reported higher levels of pride than those in the happiness condition ($M_{\text{authentic}} = 6.49$ vs. $M_{\text{happy}} = 4.94, t = 7.54, p < 0.001$; $M_{\text{hubristic}} = 6.27$ vs. $M_{\text{happy}} = 4.94, t = 6.34, p < 0.001$). Also, participants in the authentic and hubristic pride conditions reported higher levels of pride than those in the neutral condition ($M_{\text{authentic}} = 6.49$ vs. $M_{\text{neutral}} = 4.29, t = 10.55, p < 0.001$; $M_{\text{hubristic}} = 6.27$ vs. $M_{\text{neutral}} = 4.29, t = 9.13, p < 0.001$).

In addition, as compared to participants in the neutral condition ($M_{\text{neutral}} = 4.22$), participants in the authentic pride ($M_{\text{authentic}} = 6.09, t = 8.51, p < 0.001$), hubristic pride ($M_{\text{hubristic}} = 5.88, t = 7.42, p < 0.001$), and happiness ($M_{\text{happy}} = 6.09, t = 8.67, p < 0.001$) conditions reported higher levels of happiness. However, such differences in levels of happiness were non-significant among participants in the authentic, hubristic, and happiness conditions.

Moreover, participants in the authentic pride condition ($M = 5.87$) were more likely to attribute their pride to their efforts than those in the hubristic pride condition ($M = 5.19, t = 4.27, p < 0.001$). In contrast, those in the hubristic pride condition ($M = 4.18$) were more likely to attribute their pride to their own traits than those in the authentic pride condition ($M = 3.74, t = 2.34, p = 0.020$). These results demonstrated that our emotion elicitation task was successful.

Purchase Likelihood

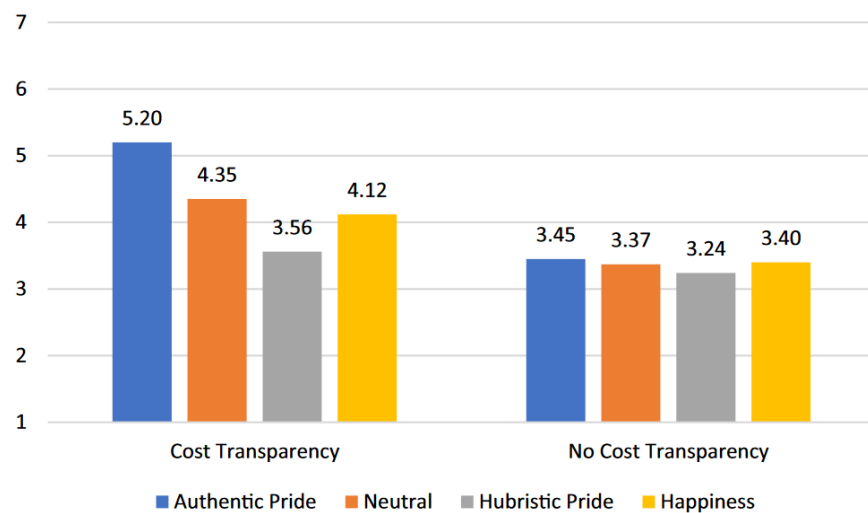
A two-way ANOVA was conducted with purchase likelihood as the dependent variable, and emotion, cost transparency, and their interaction as independent variables. The results revealed significant main effects of emotion ($F(3, 392) = 4.89, p = 0.002$) and cost transparency ($F(1, 392) = 30.72, p < 0.001$). However, and as predicted, these were qualified by a significant interaction effect ($F(3, 392) = 3.12, p = 0.026$).

Examining the patterns within each emotion condition, participants in the authentic pride condition reported a higher purchase likelihood in the cost-transparent condition ($M = 5.20$) than in the no cost-transparent condition ($M = 3.45, t = 5.95, p < 0.001$). Participants in the happiness condition also reported a higher purchase likelihood in the cost-transparent

condition ($M = 4.12$) than in the no cost-transparent condition ($M = 3.40$, $t = 2.04$, $p = 0.044$). Similarly, participants in the neutral condition reported a higher purchase likelihood in the cost-transparent condition ($M = 4.35$) than in the no cost-transparent condition ($M = 3.37$, $t = 2.94$, $p = 0.004$). These results were consistent with our prediction (H_1). However, and as expected, there were non-significant differences among participants in the hubristic pride condition for level of purchase likelihood in the cost-transparent ($M = 3.56$) and no cost-transparent conditions ($M = 3.24$, $t = 0.85$, $p = 0.398$).

From a different perspective, planned contrasts showed that in the cost-transparent condition, participants in the authentic pride condition ($M = 5.20$) reported a higher purchase likelihood than those in the neutral condition ($M = 4.35$, $t = 2.56$, $p = 0.011$), supporting Hypothesis 2a. In contrast, participants in the hubristic pride condition ($M = 3.56$) reported a lower purchase likelihood than those in the neutral condition ($M = 4.35$, $t = 2.34$, $p = 0.020$), supporting Hypothesis 2b. However, and as expected, there were non-significant differences among participants in the happiness ($M = 4.12$) and neutral conditions ($M = 4.35$, $t = 0.72$, $p = 0.471$). Moreover, in the no cost-transparent condition, we also found non-significant differences across emotion conditions ($M_{\text{authentic}} = 3.45$, $M_{\text{hubristic}} = 3.24$, $M_{\text{happy}} = 3.40$, $M_{\text{neutral}} = 3.37$; $F(3, 211) = 0.13$, $p = 0.943$; see Fig. 3).

Fig. 3 Purchase likelihood by emotion and cost transparency conditions (study 2)



Mediated Moderation Analysis

We have argued that the predicted interactive effect between cost transparency and pride will be mediated by moral elevation. Consistent with our conceptual model (see Fig. 1), we thus conducted a mediated moderation analysis using PROCESS Model 7 with 5,000 bootstrap resamples (Hayes 2017). Specifically, we examined the indirect effects of cost transparency, moderated by emotion, on purchase likelihood via moral elevation. We also included price fairness (Bolton et al. 2003), perceived product quality (Morales 2005), brand attractiveness (Mohan et al. 2018), and consumer skepticism (Sengabira et al. 2019) as covariates to rule them out as alternative plausible explanations. Because emotion is a multicategorical variable, PROCESS automatically created three dummy variables for the three emotion conditions (authentic pride, hubristic pride, and happiness) and used the neutral condition as the baseline (see Table 1 for full results).

Table 1 Full mediation results (study 2)

Antecedent	Consequent							
	Moral elevation				Purchase likelihood			
	Coeff	SE	<i>t</i>	<i>p</i>	Coeff	SE	<i>t</i>	<i>p</i>
Constant	- 0.565	0.445	- 1.268	0.206	0.559	0.402	1.390	0.165
Cost transparency	0.690	0.284	2.425	0.016	0.126	0.144	0.878	0.381
Happiness (dummy)	0.254	0.264	0.961	0.337	-	-	-	-
Hubristic pride (dummy)	0.312	0.271	1.152	0.250	-	-	-	-
Authentic pride (dummy)	- 0.034	0.264	- 0.130	0.896	-	-	-	-
Transparency × happiness	- 0.266	0.385	- 0.691	0.490	-	-	-	-
Transparency × hubristic pride	- 0.875	0.400	- 2.188	0.029	-	-	-	-
Transparency × authentic Pride	0.909	0.393	2.311	0.021	-	-	-	-
Consumer skepticism	0.069	0.038	1.798	0.073	- 0.094	0.037	- 2.543	0.011
Brand attractiveness	0.560	0.070	7.986	<0.001	0.123	0.072	1.700	0.090
Perceived product quality	0.170	0.067	2.536	0.012	0.110	0.065	1.697	0.091
Price fairness	- 0.146	0.056	- 2.619	0.009	0.230	0.054	4.253	<0.001
Moral elevation	-	-	-	-	0.526	0.047	11.108	<0.001
Model summary	$R^2 = 0.339$, $F(11,388) = 18.116$, $p < 0.001$				$R^2 = 0.454$, $F(6,393) = 54.456$, $p < 0.001$			

As expected, the results revealed the indices of mediated moderation were significant between the authentic pride versus neutral conditions ($B = 0.479$, $SE = 0.233$, 95% CI 0.057 to 0.961) and between the hubristic pride versus neutral conditions ($B = -0.461$, $SE = 0.192$, 95% CI -0.845 to -0.084). These effects worked in contrasting directions, such that authentic pride had a positive effect, whereas hubristic pride had a negative effect. Specifically, we found that the interactive effect between cost transparency (vs. no cost transparency) and authentic pride (vs. neutral) was mediated by moral elevation ($B = 0.842$, $SE = 0.217$, 95% CI 0.458 to 1.291). However, the interactive effect between cost transparency (vs. no cost transparency) and hubristic pride (vs. neutral) was not mediated by moral elevation ($B = -0.098$, $SE = 0.133$, 95% CI -0.363 to 0.162). These findings provided empirical support for Hypothesis 3.

Discussion

Study 2 offered strong empirical evidence for Hypotheses 1 and 2 using a different emotion elicitation method. In addition, we included the emotion of happiness to show that our predictions were unique to the emotions of authentic and hubristic pride, as compared to happiness (a general positive emotion). Finally, we established the underlying process as moral elevation was found to mediate the predicted interactive effects between authentic pride and cost transparency (H_3).

Study 3

Studies 1 and 2 provided evidence that authentic pride can leverage the effectiveness of cost transparency. Study 3 aimed to replicate the findings of Studies 1 and 2 by focusing on authentic pride and testing the predictions in a different context (i.e., social media platforms such as Facebook) to demonstrate practical implications. In particular, brands are increasingly using social media to promote themselves and there is much interest in social media marketing strategies (Li et al. 2020). Thus, Study 3 sought to demonstrate how authentic pride can be elicited by advertising messages (Cavanaugh et al. 2015) and Facebook posts (Septianto et al. 2020b).

Methods

Participants and Design

Two hundred and ninety-nine participants located in the U.S. (32% females, $M_{\text{age}} = 35.59$, $SD = 10.87$) were recruited from Amazon Mechanical Turk. Study 3 employed a 3 (emotion: authentic pride advertising message, authentic pride Facebook post, neutral) \times 2 (cost transparency: yes, no) between-subjects design.

Procedure

In Study 3, participants were asked to evaluate mock-up Facebook posts (Septianto et al. 2020b). In the authentic pride advertising message condition, participants saw a clothing advertisement with the tagline “Be proud of what you can do” (identical to Study 1). In the authentic pride Facebook post condition, participants saw a Facebook post in the form of a short narrative about someone who got an excellent grade in a difficult exam (identical to Study 2). In the neutral condition, participants did not view any such authentic pride messages or narratives. Next, similar to Studies 1 and 2, participants saw a Facebook post depicting a model (same gender as the participants) wearing a product (Men’s or Women’s V), and giving the product name, price, available colors and sizes. Additionally, participants randomly allocated to the cost-transparent condition also saw an additional infographic showing operational steps and the costs for each step (Mohan et al. 2018). Participants then completed measures for emotion manipulation checks, purchase likelihood (DV), and moral elevation (the posited mediator), similar to Studies 1 and 2.

Assessing Common Method Variance

A confirmatory factor analysis (CFA) revealed acceptable model fit ($CFI = 0.998$; $RMSEA = 0.031$). According to prior research, $CFI < 0.85$ and $RMSEA > 0.08$ indicate poor fit (Iacobucci 2010; Rigdon 1996). We then assessed common method bias using Harman’s single factor test by conducting a CFA where all the items were loaded on a single factor. This single factor model showed very poor model fit ($CFI = 0.547$; $RMSEA = 0.338$), indicating that common method bias was not a critical issue in this study.

Results and Discussion

Emotion Manipulation Checks

One-way ANOVA showed there were significant differences in the levels of pride ($F(2, 296) = 32.89, p < 0.001$) and happiness ($F(2, 296) = 13.32, p < 0.001$) across the emotion conditions.^{Footnote 3} As expected, participants in the authentic pride advertising message and authentic pride Facebook post conditions reported higher levels of pride than those in the neutral condition ($M_{\text{pride-ad}} = 4.85$ vs. $M_{\text{neutral}} = 3.92, t = 3.88, p < 0.001$; $M_{\text{pride-post}} = 5.91$ vs. $M_{\text{neutral}} = 3.92, t = 8.11, p < 0.001$). In addition, participants in the authentic pride advertising message and authentic pride Facebook post conditions reported higher levels of happiness than those in the neutral condition ($M_{\text{pride-ad}} = 5.18$ vs. $M_{\text{neutral}} = 4.40, t = 3.48, p = 0.001$; $M_{\text{pride-post}} = 5.83$ vs. $M_{\text{neutral}} = 4.40, t = 6.27, p < 0.001$). Lastly, participants in the authentic pride advertising message and authentic pride Facebook post conditions reported higher levels of pride than those in the neutral condition ($M_{\text{pride-ad}} = 5.21$ vs. $M_{\text{neutral}} = 4.52, t = 3.33, p < 0.001$; $M_{\text{pride-post}} = 5.77$ vs. $M_{\text{neutral}} = 4.52, t = 6.19, p < 0.001$).

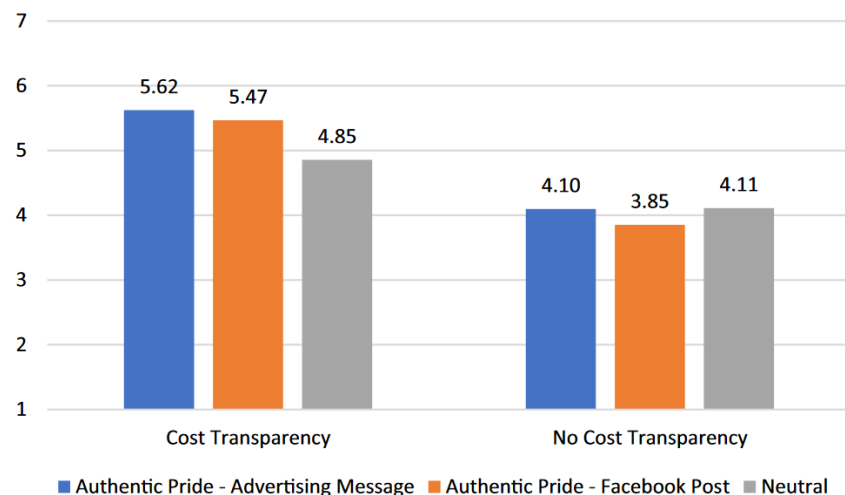
Purchase Likelihood

A two-way ANOVA was conducted with purchase likelihood as the dependent variable, and emotion, cost transparency, and their interaction as independent variables. The results revealed non-significant main effects of emotion ($F(2, 293) = 1.30, p = 0.274$) and the interaction between emotion and cost transparency ($F(2, 293) = 2.04, p = 0.132$). However and as predicted, there was a significant main effect of cost transparency ($F(1, 293) = 44.82, p < 0.001$).

Planned contrasts examining the patterns within each emotion condition found that participants in the authentic pride advertising message condition reported a higher purchase likelihood in the cost-transparent condition ($M = 5.62$) than in the no cost-transparent condition ($M = 4.10, t = 4.91, p < 0.001$). Participants in the authentic pride Facebook post condition also reported a higher purchase likelihood in the cost-transparent condition ($M = 5.47$) than in the no cost-transparent condition ($M = 3.85, t = 4.90, p < 0.001$). Similarly, participants in the neutral condition reported a higher purchase likelihood in the cost-transparent condition ($M = 4.85$) than in the no cost-transparent condition ($M = 4.11, t = 2.05, p = 0.043$). These results were consistent with our prediction (H_1).

From a different perspective, planned contrasts showed that in the cost-transparent condition, participants in the authentic pride advertising message condition ($M = 5.62$) reported a higher purchase likelihood than those in the neutral condition ($M = 4.85, t = 2.66, p = 0.009$). Participants in the authentic pride Facebook post condition ($M = 5.47$) also reported a higher purchase likelihood than those in the neutral condition ($M = 4.85, t = 2.06, p = 0.041$). These findings supported Hypothesis 2a. However and as predicted, in the no cost-transparent condition, we also found non-significant differences across emotion conditions ($M_{\text{pride-ad}} = 4.10, M_{\text{pride-post}} = 3.85, M_{\text{neutral}} = 4.11; F(2, 141) = 0.30, p = 0.742$; see Fig. 4).

Fig. 4 Purchase likelihood by emotion and cost transparency conditions (study 3)



Mediated Moderation Analysis

We have argued that the predicted interactive effect between cost transparency and pride will be mediated by moral elevation. Consistent with our conceptual model (see Fig. 1), we therefore conducted a mediated moderation analysis using PROCESS Model 7 with 5000 bootstrap resamples (Hayes 2017). Specifically, we examined the indirect effects of cost

transparency, moderated by emotion, on purchase likelihood via moral elevation (see Table 2 for full results).

Table 2 Full mediation results (study 3)

Antecedent	Consequent							
	Moral elevation				Purchase likelihood			
	Coeff	SE	<i>t</i>	<i>p</i>	Coeff	SE	<i>t</i>	<i>p</i>
Constant	3.774	0.183	20.575	<0.001	2.645	0.203	13.057	<0.001
Cost transparency	0.293	0.183	1.595	0.112	0.328	0.087	3.763	<0.001
Pride Facebook post (dummy)	0.765	0.263	2.910	0.004	–	–	–	–
Pride advertising message (dummy)	0.519	0.256	2.032	0.043	–	–	–	–
Transparency × authentic pride post	0.566	0.263	2.152	0.032	–	–	–	–
Transparency × authentic pride ad	0.552	0.256	2.160	0.032	–	–	–	–
Moral elevation	–	–	–	–	0.482	0.044	10.889	<0.001
Model summary	$R^2=0.156, F(5,293)=10.821$ $p<0.001$				$R^2=0.377, F(2,296)=89.730$ $p<0.001$			

As expected, the results revealed the indices of mediated moderation were significant between the authentic pride advertising message versus neutral conditions ($B = 0.266$, $SE = 0.128$, 95% CI 0.021 to 0.571) and between the authentic pride Facebook post versus neutral conditions ($B = 0.272$, $SE = 0.131$, 95% CI 0.018 to 0.543). Specifically, we found that the interactive effect between cost transparency (vs. no cost transparency) and the authentic pride advertising message was mediated by moral elevation ($B = 0.407$, $SE = 0.096$, 95% CI 0.229 to 0.695). In addition, the interactive effect between cost transparency (vs. no cost transparency) and the authentic pride Facebook post was mediated by moral elevation ($B = 0.413$, $SE = 0.101$, 95% CI 0.227 to 0.622). These findings provided empirical support for Hypothesis 3.

Discussion

Study 3 replicated the findings of Studies 1 and 2 by focusing on the effect of authentic pride in a social media context (H_{2a}). Further, we also provided further evidence on the mediating role of moral elevation (H_3).

General Discussion

Academic and consumer interest in transparency (Albu and Flyverbom 2019; Simintiras et al. 2015) is increasing in response to skepticism about corporations and more recently business moves to introduce cost transparency (Albu and Flyverbom 2019), along with the associated ethical dimensions and implications (Beets and Beets 2019; Vaccaro and Sison 2011; das Neves and Vaccaro 2013). Previous research has demonstrated the potential positive effect of cost transparency on consumer attitudes and behaviors (Mohan et al. 2018; Lim et al. 2018). Yet, the same scholars also suggest that full disclosure may not always have positive outcomes (Mohan et al. 2018; Lim et al. 2018). Our research sought to examine best practices for communicating cost transparency by examining the moderating role of authentic and hubristic pride. Three experimental studies were conducted to test our predictions. The findings demonstrate that authentic and hubristic pride can lead to differential effects on cost transparency, such that when cost transparency is present, authentic pride increases purchase likelihood (Studies 1–3), whereas hubristic pride decreases purchase likelihood (Studies 1 and 2). Furthermore, Studies 2 and 3 establish the mediating role of moral elevation. Overall, the results demonstrate that marketing messages that elicit authentic pride can increase the

effectiveness of cost transparency. As such, the current research makes several theoretical and managerial contributions.

Theoretical Contributions

Our first contribution is that we have explored the conditions under which cost transparency can be more (vs. less) effective. This is significant because while prior research has touched upon why businesses should disclose their costs (Lowe 2015; Simintiras et al. 2015) and how consumers may react (Lim et al. 2018; Mohan et al. 2018), it is less clear *how* marketers can best communicate cost transparency and mitigate possible negative consumer reactions. Indeed, previous research has also argued that transparency can lead to criticism (Hess 2008) because consumers may believe the firm's profit margin is unreasonably high (Lim et al. 2018; Mohan et al. 2018). This is because in reality consumers know very little about other retailers and competitors' costings and mark-ups. Consistent with past findings (Mohan et al. 2018; Lim et al. 2018), our results show that cost-transparent clothing is favored over non-cost-transparent clothing. More importantly, we further demonstrate that cost transparency may be more effective among consumers experiencing authentic pride. Significantly, we also find that cost transparency may not be effective or attractive to all consumers, especially if hubristic pride is evoked in advertising promotions. Hence, we highlight the importance of researching cost transparency, its marketing and boundary conditions, and bring this discussion into the business ethics literature. There is a need for more research on cost transparency, especially studies considering its ethical, moral, and business justifications and implications.

Second, we establish the underlying process of our predicted effects to show that moral elevation explains the interactive effect between cost transparency and authentic pride in driving purchase likelihood. This is significant because prior research has mostly examined underlying cognitive factors in relation to the effectiveness of cost transparency, including price fairness (Ferguson and Scholder Ellen 2013) and brand attractiveness (Mohan et al. 2018). Thus, we contribute to the literature in this area by identifying a specific positive emotion—moral elevation—as an important emotional mechanism explaining the effectiveness of cost transparency. The relationship between moral elevation, a positive emotion associated with viewing a virtuous act and improving the welfare of others (Algoe and Haidt 2009), and cost transparency is interesting. This association demonstrates the positive effect of eliciting an emotion related to virtue and goodwill when these are the values exhibited by brands currently employing cost transparency (e.g., Everlane). Moreover, our finding is consistent with prior research reported in the CSR literature identifying moral elevation as an important emotional response to CSR activities (Romani et al. 2016; Mantovani et al. 2017; Zheng et al. 2019).

Third, our research contributes to research on the use of pride in marketing communications—its elicitation and effect. Previous marketing research has shown that pride is more effective in generating positive responses to charitable contributions (Cavanaugh et al. 2015; Paramita et al. 2020; Septianto and Tjiptono 2019), and results in individuals being more motivated to engage in socially acceptable behaviors (Tracy and Robins 2007a). Further, past studies reported in the literature on pride have demonstrated that authentic and hubristic pride can lead to distinct effects on consumer judgments and decisions (Septianto et al. 2019; Tracy and Robins 2007b; McFerran et al. 2014; Ho et al. 2016), such that authentic pride is associated with more favorable effects, whereas hubristic pride is associated with less favorable consequences. In line with such findings, our research shows that when consumers

attribute their pride to their efforts (i.e., experience authentic pride), they are more supportive of a cost-transparent brand. Thus, we extend our theoretical understanding of the conditions under which authentic pride is useful for marketers and hubristic pride results in negative consequences for marketers, in particular in the corporate social responsibility domain. More importantly, we demonstrate how these facets of pride can lead to differences relating to moral elevation. Thus, our findings add to the literature on pride by demonstrating how authentic and hubristic pride can lead to differential effects on consumer decision making, particularly on how consumers evaluate cost transparency, via distinct emotional responses.

Managerial Implications

The findings of our research offer insights for brands engaging in cost transparency practices. Our research is consistent with current marketing trends for using different emotional appeals in background atmospherics (Septianto 2016; Barbera et al. 2018), advertising campaigns, and marketing communications (Cavanaugh et al. 2015; Septianto et al. 2019). Specifically, our research highlights how marketers can effectively combine specific emotional appeals with cost transparency to obtain favorable consumer evaluations and overcome possible negative backlash (e.g., negative perceptions of mark-ups) (Kahneman et al. 1986; Mohan et al. 2018). The results of Studies 1 and 3 indicate that marketers can elicit authentic pride in their advertising messages to ‘boost’ the positive effect of cost transparency. For example, marketers may utilize wording or framing with taglines such as “Be proud of what you can do” to elicit authentic pride.

In addition, the results of Studies 2 and 3 also suggest that authentic pride elicited by an unrelated task or event (e.g., Facebook posts) can also influence consumer evaluations of cost transparency. While it is not possible to know consumers’ emotional states at all times, marketers can predict such emotions in advance of certain occasions. For instance, on graduation day, everyone feels proud of their accomplishments. When watching sport competitions, people also feel proud when their favorite team wins the game. Moreover, our findings highlight the importance of considering the broader milieu within which cost transparency can be promoted to enhance its effectiveness. For instance, marketers can promote the cost transparency practices of a brand by inserting promotions in pride-inducing programs (for example on television) or online videos.

Finally, marketers need to be mindful about how and what cost information is communicated to consumers (Lowe 2015; Singh 2015). Because cost transparency is usually practiced by companies with social values and ethical supply chains such as Everlane and Patagonia, negative perceptions of cost allocations and distribution need to be minimized to avoid damaging the brand. Our findings suggest that consumers experiencing hubristic pride do not favorably evaluate cost transparency. Because some customer prioritization strategies (e.g., status elevation) may induce consumers to feel entitled (Wetzel et al. 2014), marketers need to be wary of some marketing strategies or advertising messages.

Limitations and Future Research

We acknowledge that this research has several limitations that raise future research possibilities. First, considering that we examine business-to-consumer markets in this paper, future research could examine the effect of cost transparency in business-to-business industries, such as has been done in the steel industry (Martin 2018). Second, while the purpose of our research was not to focus on context, we used a pricing strategy based on a

clothing retailer. The clothing sector has come under increasing pressure to address sustainability, particularly around fast fashion, ethical and environmentally friendly supply chains and clothing recycling (Egels-Zandén et al. 2015). Future research is encouraged to address cost transparency in other sectors, especially for both hedonistic and utilitarian products, possibly including travel packages (Miao and Mattila 2007), furniture, and food (e.g., food items, eating out). Third and strategically, not every company may be able, or in the best position, to offer full cost transparency. For instance, companies may be inhibited by high fixed or R&D costs (e.g., pharmaceuticals), or costs that are difficult to calculate. Cost transparency may also not align with every brand, especially as the ethos behind cost transparency is based on brand values of transparency, ethics, and sustainability. As such, the applicability of cost transparency should be examined by future research, including its practicality (e.g., estimation of costs, legal issues, accounting standards, and practices) and issues relating to brand alignment. In this vein, consumer attitudes towards cost transparency when employed by different brands (i.e., differing brand images, industries/sectors) should be examined to explore the boundary conditions of cost transparency.

In conclusion, the current research contributes to the literature on business ethics in general and cost transparency in particular. This research examines how and when cost transparency is effective and highlights how marketers can effectively combine specific emotional appeals, specifically authentic pride, with cost transparency to obtain favorable consumer evaluations.

Notes

1.

As an additional analysis, we conducted one-way ANOVA to examine the levels of happiness, sadness, and upset (filler items). We found non-significant differences in the levels of sadness ($F(2, 397) = 1.82, p = 0.164$) and upset across emotion conditions ($F(2, 397) = 2.06, p = .129$). However, we found significant differences in the levels of happiness, such that participants in the authentic and hubristic pride conditions reported higher levels of happiness than those in the neutral condition ($M_{\text{authentic}} = 6.06$ vs. $M_{\text{neutral}} = 4.40, t = 10.39, p < 0.001$; $M_{\text{hubristic}} = 5.78$ vs. $M_{\text{neutral}} = 4.40, t = 8.65, p < 0.001$).

2.

As an additional analysis, we conducted one-way ANOVA to examine the levels of sadness, and upset (filler items). We found non-significant differences in the levels of sadness ($F(3, 396) = 1.26, p = .390$) and upset across emotion conditions ($F(3, 396) = 1.87, p = .133$).

3.

As an additional analysis, we conducted one-way ANOVA to examine the levels of sadness, and upset (filler items). We found non-significant differences in the levels of sadness ($F(2, 296) = 1.35, p = 0.261$) and upset across emotion conditions ($F(2, 296) = 1.49, p = .227$).

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