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Effectiveness of Checkout Charities: Exploring Generational Differences

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EXTENDED ABSTRACT

Shoppers in the United States are often asked, "would you like to round up for charity?" at checkout. This request for a donation at point-of-sale, termed checkout charities, offers customers the chance to contribute part of their spending to a cause (Sudbury & Vossler, 2021). Although checkout charities are a popular method for companies to promote their beliefs, endorse a cause, and garner consumers' goodwill – not all consumers have a positive perception of the practice. A recent study linked checkout charity interactions with increased stress levels during the interaction and negative consumer brand perceptions (Hepworth et al., 2021). This suggests a need to explore characteristics that might impact the consumers' perception of checkout charities. Considering the generational differences among consumers seems especially relevant. Characteristics differing between generations could impact the likelihood of engaging with a checkout charity. For example, recent research suggests that consumers are becoming more skeptical of cause-related marketing and that younger consumers want more value from their charitable endeavors (Mohr et al., 2014). If younger consumers are no longer satisfied and skeptical of checkout charities, then some marketing managers will need to adjust their CRM strategies.

BACKGROUND

As customers continue to pay more attention and place more importance on social issues, brands are spending more time and energy understanding how their practices impact these issues (Khan et al., 2012). Corporate social responsibility (CSR) allows companies to acknowledge they have a moral obligation to act conscientiously for the larger community (Khan et al., 2012). Cause-related marketing allows businesses to advertise their CSR efforts, what is important to them, and why it should be important to the consumer (Khan et al., 2012). Consumer perceptions of companies' motivations for using CRM also influence their likelihood of engagement with those efforts. Consumers are aware of corporate motivations that encourage CRM, but their tolerance for this depends on the belief that the cause-brand partnership is mutually beneficial (Will &

Hielscher, 2014). Consumers may view cause marketing with more suspicion (Glozer & Morsing, 2020), and higher CSR skepticism can lead to lower perceptions of brand equity, which has significant implications for the future of CRM, specifically in the form of checkout charities (Will & Hielscher, 2014). As newer generations enter and start to dominate markets, they bring the need for structural changes and evolution. The generation consumers belong to and the cultural influences they had growing up can significantly impact their morals and principles. These personal values impact how individuals engage in CSR initiatives (Baskentli et al., 2019). Personal values and experiences greatly influence consumers' perceptions of charities, corporate social responsibility, and shopping preferences. More unique, targeted strategies are needed for marketers to reach the values of younger generations (Williams et al., 2010).

Conceptual Framework

When considering the success of checkout charities in encouraging consumers to donate, generational differences may have a significant influence. Although there are some discrepancies in classifying generation time frames, they are defined here as: Boomers (1946 and 1964), Gen X (1965 and 1980), Millennials/Gen Y (1981 and 1996), and Gen Z (born after 1996) (Dimock, 2019). Past research has shown that generations differ in many ways, including some relevant to giving behaviors. Skepticism has been considered in relation to charitable giving, and we know that there are generational differences in skepticism - Gen X and Gen Z are more skeptical than the previous generations (Antonovic, 2020). Although generation Y has widely been considered the skeptical generation, researchers suggest millennials have inherited their resistance to marketing efforts and distrust of advertising (Wolburg & Pokrywczynski, 2001). Tech-savvy consumers have become more cynical of advertisements and marketers' motives (Thangavel et al., 2022). Millennials prefer to have a more active, involved role in their philanthropic endeavors, like to see the results of their efforts, and prefer businesses to be more transparent in their practices before engaging in a partnership (Gorczyca & Hartman, 2017). These values do not match the benefits that checkout charities can provide. The value disparity between checkout charities and millennials will likely lead to them being less interested in getting involved with a charity. The need for connection to the cause also seems to differ by generation. Millennials and Gen Z are aware of the traditional endorsement methods but not always impressed with traditional cause marketing tactics (Glozer & Morsing, 2020). Preliminary evidence suggests that the traditional ideas of brand loyalty, which may contribute to brand trust, are becoming less important to consumers willing to try new brands based on recommendations and reviews (Thangavel et al., 2022). Checkout charities involve passive engagement and little time for consumers to understand the cause or the impact their donation could bring. With information at consumers' fingertips, they demand businesses act more transparently before they are willing to engage (Thangavel et al., 2022). The lack of valuable engagement and transparency in checkout charity campaigns may be detrimental to their ability to appeal to younger generations. Although some overlap exists when examining specific characteristics, considering the generations as a whole, the following expectations are proposed:

Proposition 1: Younger generations (Millennials and Gen Z) will be less likely to donate to checkout charities than older generations (Boomers and Gen X)

Proposition 2: Younger generations (Millennials and Gen Z) will be more skeptical of checkout charities than older generations (Boomers and Gen X)

CONCLUSION

The importance of CSR is not likely to decrease, so by determining the effectiveness of checkout charities on younger generations, marketing managers can better plan their future CRM strategies. If a retailer's average target customer is Millennial or Gen Z, they should consider reevaluating checkout charity methods and identify better ways to inspire their customers to give while investigating methods of adding value and trustworthiness to the campaigns. As Millennials and Gen Z make up 51% of the total U.S. population, this research is vital for the future success of CRM initiatives. Exploration into the younger generations' perceptions will also contribute to understanding Gen Z, an area of research that needs further development (Midlarsky et al., 2015). Future research should further develop the conceptual framework that would lead to testable hypotheses.

Keywords: *Cause Related Marketing, Checkout Charities, Generational Differences, Willingness to Donate, Skepticism, Corporate Social Responsibility, Consumer Perceptions*

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