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Innovation has long been known to drive growth. There is a growing body of evidence that firms that work to be responsible and produce more sustainable products also receive positive benefits, but how and why these benefits accrue is less well established. Our research addresses this knowledge gap and furthers an understanding of the conditions under which consumers will pay a premium price. We compare consumer responses to a price increase for an innovation with individual, societal, or mutual benefits. We examine a more holistic model than those previously examined, and test for mediation and moderation so that the importance and relative impact of the different factors can be better understood. Our findings have relevance for practitioners and academics. With regard to the latter, we extend the literatures on perceptions of price fairness and equity theory, salience, and pro-social behavior.

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