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ESSAYS ON PARTICIPATORY PRICING, BRANDING, AND CONSUMER BEHAVIOR

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ESSAYS ON PARTICIPATORY PRICING, BRANDING, AND CONSUMER
BEHAVIOR

BY

JAMES BLAIR

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF

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DOCTOR OF PHILOSOPHY DISSERTATION

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ABSTRACT

Participatory pricing consists of unique pricing mechanisms which can provide firms an opportunity to differentiate themselves by allowing consumers to have some influence in setting the price in transactions. Many firms attempting to utilize participatory pricing mechanisms have struggled or even failed in their attempts. Understanding the role of branding with participatory pricing and how it is associated with consumer perceptions, attitudes, and behaviors would be beneficial as more firms attempt to utilize this pricing mechanism. Additionally, examining how giving consumers autonomy in part of the pricing mechanism could provide marketing managers insights into their purchasing preferences and behaviors.

Two manuscripts in this dissertation examine aspects of participatory pricing and contribute to the emerging literature. Manuscript I furthers our understanding of branding in the context of elective pricing, also known as pay-what-you-want pricing. We investigate how self-brand congruity, self-construal, perceived quality, and price autonomy are associated with consumer purchase intentions (purchase likelihood and perceived satisfaction). We find significant main effects for self-brand congruity, perceived quality, and price autonomy on purchase intentions. Additionally, we find a significant interaction effect between price autonomy and product quality on consumer purchase intentions. As perceived product quality decreases, consumer purchase intentions significantly decrease for consumers exposed to fixed prices, but no change occurs for consumers exposed to elective prices.

Manuscript II investigates how autonomy with surcharges is associated with consumer purchase intentions as well as examine how offer exclusivity and reactance.

We find a main effect for surcharge autonomy on purchase intentions. Additionally, we find a significant interaction effect between surcharge autonomy and reactance where consumers with high levels of reactance have significantly lower purchase intentions when they are offered mandatory surcharges than when they are offered optional surcharges. Lastly, we find a significant interaction effect between surcharge autonomy and offer exclusivity where consumers receiving a mandatory surcharge that was inclusive, offered to everyone, had significantly higher purchase intentions than consumers receiving a mandatory surcharge that was exclusive, offered just to them.

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PREFACE

This dissertation follows the manuscript format. Two separate manuscripts explore research questions at the intersection of elective pricing and branding.

The first manuscript, “Branding and Elective Pricing,” investigates how self-brand congruity, self-construal, perceived quality, and price autonomy are associated with consumer purchase intentions in the context of elective pricing. Brand congruity occurs when the brand personality matches or mismatches the personality of the consumer. Self-construal consists of consumers who are more independent, focused on themselves as individual, or interdependent, more concerned with groups and community members. Perceived quality is how much the consumer believes the product will fulfill their expectations. Lastly, price autonomy is how much control and choice the consumer has in setting the price of the product. This autonomy in pricing mechanisms can range from consumers experiencing no control in setting the price for consumers (fixed pricing) to having full control of setting the price (elective pricing). These insights into purchase allow us to better understand consumer behaviors in this new pricing context and allow marketing managers to mitigate risks involved when implementing elective pricing in their business.

The second manuscript, “Autonomy with Surcharges,” investigates how giving consumers autonomy with one component of the price is associated with consumer purchase intentions, specifically their purchase likelihood and perceived satisfaction. When examining consumption contexts involving consumer choice, a related variable of reactance is relevant. This consists of a consumer feeling their freedom is being restricted or limited by some entity. In a consumption context, this may be a brand or

retailer limiting the choices available to consumers. Therefore, we examine the role of reactance in when consumers possess differing amounts of control with surcharges. Additionally, we extend these findings by examining offer exclusivity for optional surcharges. Offer exclusivity consists of the offer being available to all consumers or a select few. Often consumers may receive promotional messages with an offer available to a select group of individuals (exclusive) or everyone (inclusive). With consumers having some control in setting the price of the product when being exposed to optional surcharges, they value them. Investigating how offer exclusivity and surcharge autonomy are associated to consumer purchase intentions provides marketing managers valuable insights into the viability of this pricing strategy and potential tools that may attract consumers to their product offerings.

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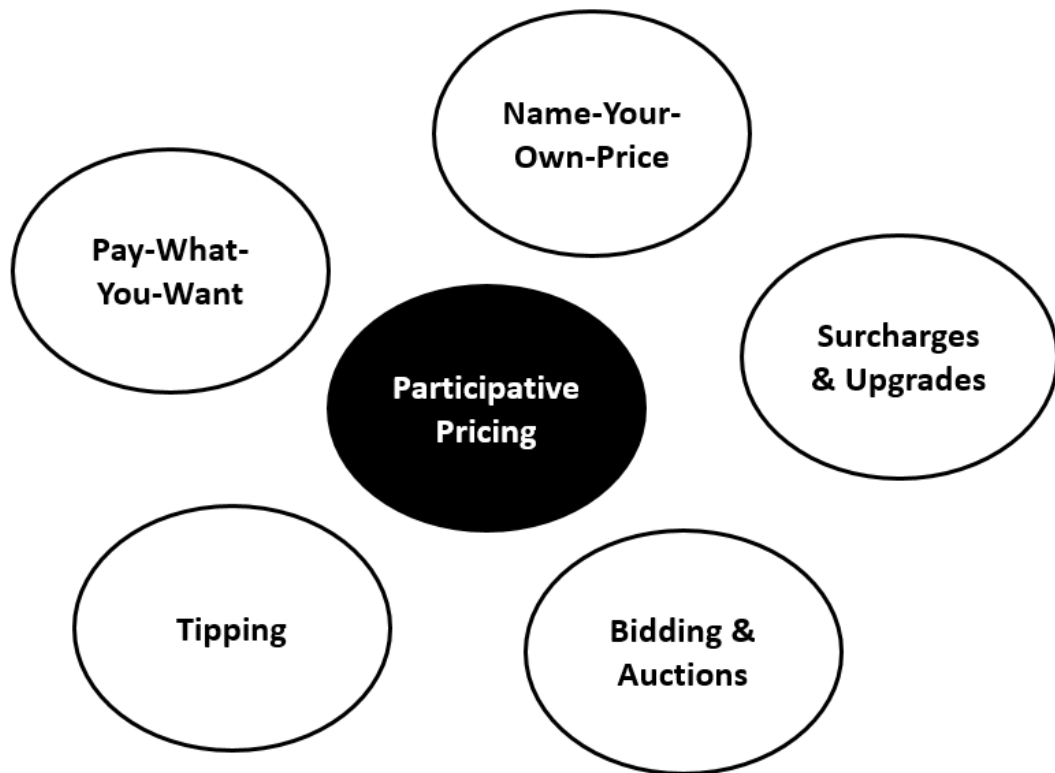
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INTRODUCTION

Participative Pricing Literature Review

The participative pricing streams of research can be categorized as: (1) bidding and auctions, (2) name-your-own-price, (3) pay-what-you-want, (4) surcharges and upgrades, and (5) tipping. These streams of research can be viewed visually in Figure 1.

Figure 1 Areas of Participative Pricing



Participative pricing has been examined in the marketing literature, however some of these pricing mechanisms are somewhat newer concepts and received less attention. This has been conceptualized as any pricing mechanism which gives the consumer some control in setting the price of a product and explored participatory

pricing in a variety of contexts. Primarily the participatory pricing stream of research has sought to understand how these mechanisms can be profitable strategies and instances where consumers deviate from utility theory and pay more than the minimum amount they can control for during the exchange (Kim, Natter, & Spann 2009).

Our studies provide insight into two forms of pricing: (1) elective pricing for the total cost of the component and (2) optional surcharges where consumers have control over one aspect of the price. These studies shed some light on purchase intentions of consumers when autonomy is given to them in setting the price of products. Additionally, several individual difference, product, and branding variables are included to best understand how they interact with autonomy in the pricing mechanism. This allows consumer behavior researchers to understand which consumers prefer having autonomy in the purchasing process and gives marketing managers insights as to which consumers to target when offering elective pricing and optional surcharges since it increases their purchase likelihood. Lastly, marketers could adapt their products and position their brands respectively to ensure higher purchase intentions when offering this pricing mechanism.

With participatory pricing being a risky pricing mechanism to implement with consumers controlling the price point of products, it is imperative for researchers to understand when this pricing mechanism can be successfully implemented. Therefore, studying how branding strategies, product specific attitudes, and consumer individual difference variables are associated with different purchase intentions in the context of participatory pricing provides helpful insights to our field as to when this can be

effect. Further research is warranted to understand how this new pricing mechanism can be successfully influenced in the marketplace as well as understanding how this context where consumers have increased autonomy alters their attitudes, behaviors, and purchasing decisions.

Therefore, these studies allow us to uncover instances where we can increase consumer purchase intentions, purchase likelihood, and perceived satisfaction. These variables are often important to researchers and marketing managers as they related to actual consumer purchasing decisions and can help guide businesses to best practices when implementing participatory pricing mechanisms. Lastly, we provide insights into specific consumers for marketers to target and offer this pricing mechanism and ways they can alter their brand and product to increase purchase intentions.

The next sections cover some of the main participatory pricing mechanisms from the literature. Some are newer forms of pricing and others have been frequently used in the marketplace. This literature review provides a basis to explain the different types of participative pricing.

Bidding and Auctions

Bidding and auctions are a pricing mechanism which have been widely used, but have gained an increased online presence recently (Business Week 2001; Herschlag and Zwick 2000). The bidding literature has identified four types of auctions consisting of ascending bid auctions, descending bid auctions, first-price sealed bid auctions, and second price-sealed bid auctions (Cassady 1967). The basic concept consists of consumers having some control in setting the price of a product by

competing with other consumers to determine who is willing to pay the most. In some instances, consumers can be charged for each bid they place. This version has become more prevalent in online bidding sites like DealDash and QuiBids.

Researchers suggest there are plentiful research opportunities to examine bidding and auctions in marketing contexts (Chakravarti et al. 2002). The literature has specifically examined how information available (Bikhchandani 1988; Milgrom and Weber 1982), bidding strategies utilized (Capen et al. 1971), and the number of competing bidders present (McAfee and McMillan 1987) associated with bidder behaviors. Smith (1989) suggests this bidding process may be more consensual in nature compared to other pricing mechanisms resulting in some cooperative actions by consumers. As a result, we may see more highly desired consumer behaviors as a result of the pricing mechanism chosen by the firm.

Name-Your-Own-Price

Name-your-own-price is a participatory pricing mechanism where consumers have control in setting the price. After consumers give the amount they are willing to pay, the firm accepts the offer or provides a final counteroffer to the consumer. This protects the firm since they can control the price from being too low where they are not able to be profitable and prevents consumers from abusing the pricing mechanism to the detriment of the firm (Hinz, Hann, & Spann 2011). A popular example of this pricing mechanism being utilized in practice is by the travel site priceline.com where the “Priceline Negotiator” allows you to enter how much you want to pay for travel. The travel site has the ability to accept your price or come back with a final offer for the transaction. Fay (2009) found this pricing mechanism can be an effective way for

firms to differentiate themselves from posted-price competitors. This pricing mechanism may be most effective in contexts where there is some uncertainty in demand, like the travel industry (Wang, Gal-Or, & Chatterjee 2009).

In addition to firms benefitting from utilizing this pricing mechanism consumers also value name-your-own-price. Previous research has examined consumer behaviors under this pricing mechanism. Importantly, Spann and Tellis (2006) found consumers deviate from rational decision making when experiencing name-your-own-price. Fay (2004) suggests it may be advantageous for firms utilizing name-your-own-price to allow consumers to submit multiple bids instead of forcing the consumer to take the final offer of the firm after initial consumer bid. Some consumers may find ways to hide their identity or become anonymous online and bid multiple times using different profiles during the name-your-own-price bidding process. This haggling strategy could be effective and provide some benefits to consumers like lowering transaction prices, but may also have some costs such as decreasing their overall welfare (Terwiesch, Savin, & Hann 2005). In addition to haggling, joint bidding could deter firms from utilizing discriminatory pricing techniques (Amaldoss & Jain 2008). Additional research examined frictional costs consumers experience and willingness to pay with this pricing mechanism (Hann & Terwiesch 2003; Spann, Skiera, & Schafers 2004) as well as how firms more frequently changing their threshold price resulted in increased consumer satisfaction levels (Fay & Laran 2009).

Surcharges and Upgrades

Surcharges can be viewed by consumers as mandatory and a form of partitioned pricing. In partitioned pricing, firms itemize the components which make up the total price of the product (Greenleaf, Johnson, Morwitz, and Shalev 2016). Upgrades are optional in nature and allow consumers the ability to opt in or out of a particular feature of the product. This results in the base price of the product changing. We see surcharges and upgrades used in a variety of industries and consumer purchasing contexts including restaurants (Purdy 2017), hotels (Bennett 2008; Lodging Magazine 2016; Marshall 2004; Tuttle 2012b), healthcare coverage (Health Plan Alliance 2016), airlines (Rice 2012; Tuttle 2012a), financial institutions (Carrns 2013), entertainment (McVeigh 2008), and utilities (Smith et al. 2012). These provide opportunities for firms to increase their profit margins by selling additional product features or services in addition to their core products. Consumers benefit by having the ability to choose their most desired product features, unlike bundling which requires all items to be included as part of the transaction.

Surcharges and upgrades have received little attention in the marketing literature. Recently, researchers have called for more research in this area exploring surcharges and upgrades with many unanswered questions for consumer behavior researchers, marketing managers, and public policy makers. Some specific areas of inquiry include examining different types of surcharges, attitudes towards prices containing free surcharges, and changes in surcharge practices (Greenleaf, Johnson, Morwitz, and Shalev 2016).

Tipping

With tipping, consumers have some control in determining how much they want to give. Often times this is an additional amount to an employee for a service provided. In the United States alone, consumers have been found to tip over \$9 billion annually (Pearl 1985) for a variety of service providers (Star 1988). In some instances, businesses may not allow or discourage tipping (Frumpinkin 1988).

Previous research has highlighted several potential motives for consumers tipping. This includes consumers being forward looking and desiring good future service experiences (Bovarsson & Gibson 1988; Lynn and Grassman 1990). Social approval is another motivational factor for tipping, especially when other customers and employees see the amount tipped (Crespi 1947; Holloway 1985; Lynn & Grassman 1990). Consumers may also be motivated to compensate these service providers in some equitable manner for their work performed (Holloway 1985; Lynn & Grassman 1990; Snyder 1976). Lastly, consumers may be motivated to tip to signal status and power during the exchange (Ledger 1974, May 1978; Scott 1916; Shamir 1984).

Cultural differences have also been found to influence situations where consumers decide whether or not to tip. In some instances, tipping can be offensive to the employee. The standard percentage tipped for a service provided can vary from region-to-region (Lynn, Zinkhan, and Harris 1993). Specifically, consumers in Argentina, Greece, and the United States are accustomed to tipping workers in a variety of contexts, while consumers in countries like New Zealand, Japan, and Sweden tip in very few instances (Star 1988).

Pay-What-You-Want

Pay-what-you-want pricing, also referred to as elective pricing, is a newer participatory pricing mechanism. This pricing mechanism gives consumers the most control in setting the price of the product which includes them choosing to pay \$0. Primarily this research has consisted of field studies giving examples of contexts when consumers choose to pay non-zero amounts deviating from utility theory suggesting consumers are utility maximizers and prefer the most resources at the lowest cost (Kim, Natter, & Spann 2009). Additional studies have explored the potential of this being a profitable pricing strategy finding firms using this pricing mechanism along with a charitable cause were more profitable (Gneezy, et al. 2010). A longitudinal study found average payments declined over time, but the total number of daily guests increased, resulting in revenue streams increasing (Riener & Traxler 2012). When firms provided consumers price information, this served as external reference price information consumers anchored on, influencing their payment amounts (Johnson & Cui 2013). Elective pricing has been examined in different competitive market contexts, finding it can be a viable pricing strategy in monopolistic markets (Schmidt, Spann, & Zeithammer 2014). Some of the more notable times this strategy has been successfully employed is with the band Radiohead offering their album *Rainbows* to consumers using this pricing mechanism and select Panera Bread stores operating with elective pricing (Tyrangiel 2007).

Several individual difference variables have been examined to determine if these influence some consumers to pay more than others in the context of elective pricing. Identity and self-image influenced consumer behaviors, as they felt bad

paying less than the appropriate price, resulting in them not making a purchase at all (Gneezy et al. 2012). Social distance was also examined, finding it resulted in consumers decreasing payment amounts (Kim, Kaufmann, & Stegemann 2013). As researchers start to examine individual difference variables influencing consumer behaviors in the context of elective pricing, many are left to be explored.

Dissertation Manuscripts in the Context of the Participative Pricing Framework

In manuscript I, we examine how branding may be associated with higher consumer purchase intentions under an elective pricing context. With elective, the consumer has full control of setting the price of the product and the firm must accept the price consumers choose. This includes when the consumer chooses to pay nothing (Kim, Natter, & Spann 2009; 2014).

With some researchers and marketing managers skeptical to the effectiveness of elective pricing in practice, we hope to provide some unique circumstances where consumers increase their purchase intentions. By identifying situations where consumers are more likely to purchase products or have higher perceived satisfaction levels, managers could perceive the implementation of this pricing mechanism as less risky. Additionally, we examine situations which increase consumer payment amounts providing more support to potentially profitable revenue streams for firms.

In this first manuscript, we examine how self-brand congruency, self-construal, and product quality are associated with consumer payment amounts. Self-brand congruency results when the brand personality of the product is congruent with the self-image of the consumer. Aaker (1997) identified five brand dimensions. The

personalities of consumers may align or mismatch with these different personalities. Previous research has found positive benefits when self-brand congruency occurs (Ajzen 1974; Byrne 1971).

An individual difference variable closely related to self-brand congruity is self-construal, which consists of how consumers view the world around them. Consumers range on a continuum of being independent or interdependent. Independent consumers possess a view of their self that focuses on internal attributes, separateness from others and values uniqueness. Interdependent consumers are more relationship-driven in their self-view. This results in independent consumers preferring connectedness, relationships, and social contexts (Marksu & Kitayama 1991). We anticipate these different types of individuals could result in different levels of purchase intentions when offered the opportunity to choose any price for a product.

Lastly, we examine product quality. This consists of consumers perceiving a certain level of superiority for products (Zeithaml 1988). Previous research has found perceived quality to be associated with consumer purchase intentions (Rajendran & Hariharan 1996). We aim to replicate these findings in the context of elective pricing where products with higher levels of perceived quality result in higher levels of purchase likelihood and satisfaction.

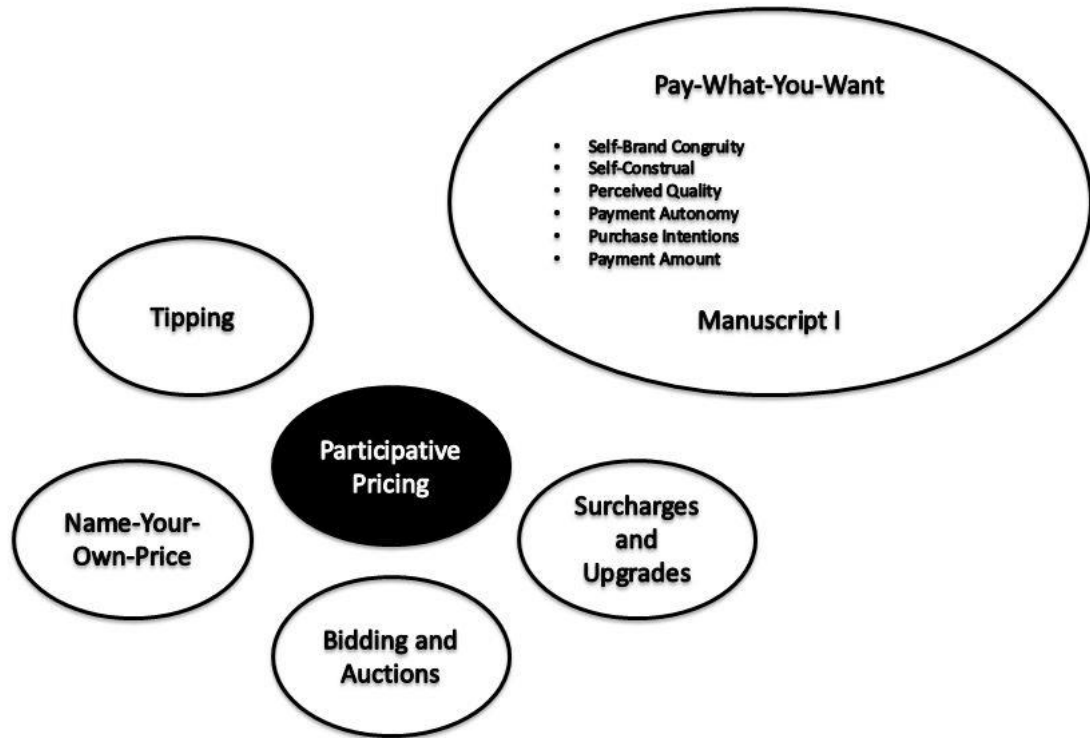
For the second study, we are interested in examining how autonomy in pricing mechanisms is associated with consumer purchase intentions. Consumers like having the ability to choose (Kremer & Gesten 2003), which suggests they may prefer elective pricing situations over fixed pricing situations. We hope to examine how these pricing mechanisms differing in their level of autonomy are associated with differing

levels of purchase likelihood, perceived satisfaction, and payment amounts by consumers.

Extending the findings from the previous study, we again examine self-brand congruity and product quality. We examine how this branding strategy of aligning brand personalities with the self-image of consumers is associated with purchase intentions of consumers across differing pricing mechanisms. Additionally, we aim to replicate findings related perceived quality and purchase intentions. This is done by examining a new product category from study one, which consisted of a general admission ticket to a professional sport team event. In study two, the consumption situation consists of purchasing a jersey from a professional sport team merchandise store.

Since a significant amount of the previous elective pricing research has focused on contexts through field experiments showing instances where some consumers deviated from utility theory and chose to pay non-zero amounts (Gneezy et al. 2012; Kim, Natter, & Spann 2009; 2014), we provide new insights using experimental designs. With branding strategies being relatively unexplored in the context of elective pricing, we fill this gap by offering new insights into how marketing managers can use branding tools to nudge consumer purchase intentions and payment amounts when utilizing elective pricing mechanisms. This is done across two product categories of tickets to a sporting event and jersey for a professional sport team.

Figure 2 Manuscript I – Contribution to the Participative Pricing Literature



In manuscript II, we examine how optionality in surcharges is associated with consumer purchase intentions. This autonomy to choose one part of the price is considered a form of participatory pricing, since the consumer has full control to opt in or out of surcharges labeled as optional. Previous research has differentiated mandatory optional surcharges. Mandatory surcharges fall under partitioned pricing (Morwitz, Greenleaf, and Johnson 1998). This consists of itemized bill components that are required to be paid by the consumer. Optional surcharges have been referred to as upgrades in the literature. Under this situation, consumers have control to decide if they want a particular itemized component to be a part of their purchase. This ultimately gives the consumer some control in the price of the product, since they can choose to opt in or out of certain surcharges.

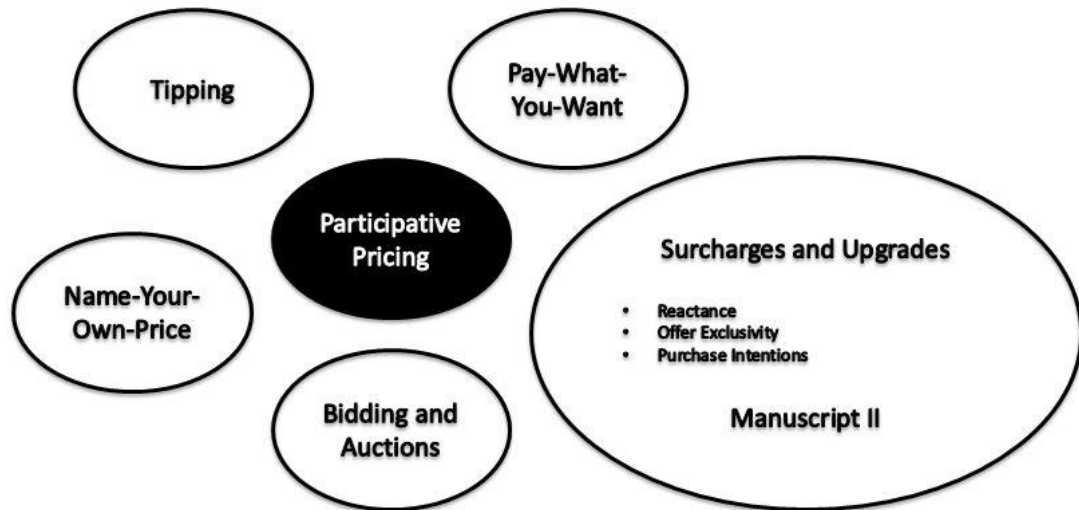
Previous researchers have called for more studies examining surcharges, since the literature is lacking in this area (Greenleaf, Johnson, Morwitz, and Shalev 2016). Therefore, examining how surcharges varying in autonomy are associated consumer purchase likelihood and perceived satisfaction fills a much-needed gap in the literature. These insights also provide marketing managers with new tools to increase consumer purchase intentions by labeling surcharges as mandatory or optional. This labeling change is a low cost and could be quickly implemented to produce more desirable consumer behaviors.

Since autonomy is inherently involved with surcharges labeled as mandatory or optional, a related individual difference variable to examine is reactance. This is a psychological mindset where consumers experience when they feel their freedom to choose is being restricted in some manner. As a result, consumers experiencing high levels of reactance will act out on the individual or entity restricting their freedom in hopes of restoring their freedom (Brehm 1966; Brehm and Brehm 1981). Freedom has been found to be restricted in a variety of consumption contexts including manipulative advertisements, product unavailability, and even government regulations (Clee & Wicklund 1990).

In study two, we extend the findings from study one by finding a situation where consumers value optional surcharges. More specifically, we examine how offer exclusivity plays a role in consumer purchase intentions in the context of surcharge autonomy. Consumers may respond differently when presented with promotional offers just for them (exclusive) or available to all customers (inclusive). With optional surcharges, being a unique pricing mechanism which could be used as means to

promote a brand and related product offerings, marketing managers would benefit from understanding how to best communicate this promotion to consumers.

Figure 3 Manuscript II – Contribution to the Participative Pricing Literature



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MANUSCRIPT – I

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Branding and Elective Pricing

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Abstract

Across two experimental studies, we examine the roles of self-brand congruity, self-construal, product quality, and price autonomy with consumer purchase intentions in an elective pricing context. We find self-brand congruity, self-construal, product quality, and price autonomy are associated with consumer purchase likelihood and perceived satisfaction. Lastly, we find a two-way interaction with price autonomy and product quality on consumer purchase intentions. As perceived product quality decreases, consumer purchase intentions are significantly higher when exposed to an elective price than a fixed price. When the perceived product quality is high, we find no significant difference in purchase intentions between the elective price and fixed price scenarios.

Introduction

Pay-what-you-want pricing, also known as elective pricing, is a relatively new pricing mechanism which has gained considerable attention from the marketing literature in recent years. Practitioners have implemented this strategy with varying success. Bands like Radiohead have used this pricing mechanism when releasing an album (Tyranziel 2007) and Panera Bread has a location in Boston, Massachusetts operating using elective pricing (Balan 2014). Even in the sport industry where ticket scalpers and consumers in general look to get the cheapest ticket possible, the Oakland Athletics recently offered pay-what-you-want tickets for a specific section in their stadium (Lott 2018).

This presents an interesting context where further research is needed for researchers to better predict consumer attitudes, behaviors, and purchasing decisions. Additionally, investigating this area further could provide marketing managers more confidence in using this pricing mechanism in their business. Examining elective pricing in more contexts with diverse products, different product features, and a variety branding strategies could signal instances where this pricing mechanism could be successful in meeting the objectives of marketing managers for their organization. Lastly, examining different individual difference variables could provide insights as to which consumers should be offered this pricing mechanism instead of promoting it to all potential consumers.

Previous studies have explored the potential of this being a profitable pricing strategy. Firms using elective pricing with a charitable cause were found to be more profitable (Gneezy, et al. 2010). This suggests aligning with a cause produces higher consumer payments amounts. A longitudinal study found average consumer payments declined over time for a firm utilizing elective pricing, but the total number of daily guests increased resulting in revenue streams increasing (Riener & Traxler 2012). This suggests elective pricing can be viable in the long-run for firms. Notably this has been found to be a successful pricing mechanism for the band Radiohead and fast casual food chain Panera Bread in select stores (Tyranziel 2007). With consumers possessing full control of setting the price, firms risk consumers choosing prices too low for the firm to operate. This could ultimately drive the firm out of business. Therefore, marketing managers can be somewhat skeptical of implementing this pricing strategy.

Prior research has examined contexts when consumers pay more in elective pricing settings (Kim, Natter, & Spann 2009; Gneezy et al. 2010). These findings give marketing managers more confidence in utilizing this pricing mechanism. This is especially important when implementing a pricing mechanism giving consumers complete control in setting the price for products.

In addition to payment amounts, marketing managers are interested in increasing consumer purchase intentions. The literature has yet to explore how branding strategies could be used effectively with elective pricing and product attributes to increase purchase intentions. We fill this gap by examining how self-brand congruency, self-construal, and product quality are associated with consumer purchase intentions in study one. In study two, we extend our findings by looking at price as an independent variable. When doing this we manipulate the autonomy of the pricing mechanism to be fixed, representing no control for the consumer, or elective, representing full control for the consumer. This research provides new insights and builds on our current understanding of consumer behavior in elective pricing situations.

Conceptual Framework

Branding

Brands can play a significant role in shaping the consumer perceptions of products. Previous research suggests consumers imbue brands with similar human personality traits (Aaker 1997; Levy 1985). Consumers are able to use brands when communicating their self-concepts to others as well as making inferences about

consumers based on the brands they utilize (Aaker 1999; Belk 1988; Escalas & Bettman 2003; Sirgy 1982). Thus, brands can represent socially constructed meanings reflecting consumers' self-identity (Csikszentimihalyi & Rochberg-Halton 1981; Dittmar 1992; Douglas & Isherwood 1979) and can be used by consumers in their daily activities to signal meanings about themselves based on the brands they wear to other consumers.

Sign Theory

Sign theory provides support for previous findings by suggesting brands can be considered signs whose meaning can be constructed and interpreted by consumers (Saussure 1974). Marketers and consumers can create the meaning of brands which can be interpreted by individuals, groups, or society (Richins 1994). The self-brand relationship is a key determinant in the value of the brand and its meaning to consumers (Baudrillard 1988; Belk 1988; Kilbourne 1991; Richins 1994; Solomon 1983). These brands can be used by consumers to meet their own self-needs and establish self-brand connections (Escalas & Bettman 2003). Therefore, we anticipate consumers may choose brands that represent their own personality so they can convey that information to other consumers. In some instances, consumers may choose brands that are not congruent with their self-concept.

Self-Brand Congruity

Previous research has examined the relationship between brand personality and the self-concept of consumers, suggesting consumers prefer brands with congruent personalities to their own self-concepts (Aaker 1997; Sirgy 1982). Brands have a

significant impact on consumers, since they are used to communicate, create, and reinforce their own self-concepts (Aaker 1997; Belk 1988; Escalas & Bettman 2003; Sirgy 1982). With brands serving as symbols containing socially constructed meanings, they can be used by consumers to create their own self-identity and how they relate to other consumers (Csikszentimihalyi & Rochberg-Halton 1981; Dittmar 1992; Douglas & Isherwood 1979). These brand meanings are imperative in the process of possessing and consuming products (Richins 1994). Therefore, brands have value from their meanings which is central to the self-brand relationship (Baudrillard 1988; Belk 1988; Kilbourne 1991; Richins 1994; Solomon 1983).

For brand congruency to exist, the consumer must view a match or mismatch between their self-concept and the personality of the brand. Consumers seek out and prefer products congruent with their own self-image (Grubb & Hupp 1968; Sirgy 1982). When congruency exists between their self-concept and an object, consumers were found to be more attracted and influenced (Ajzen 1974; Byrne 1971). These findings highlight how important the relationship can be between the self and other object personalities (Kretch & Crutchfield 1948) and can be supported cognitive consistency theories suggesting consumers attempt to resolve psychological experiences resulting in disagreements by minimizing cognitive consistency in their behaviors and choices (Aronson 1968; Festinger 1957; Heider 1946; 1958).

A gap remains in the literature on the implications of self-brand congruity on consumer purchasing behaviors in an elective pricing context. Previous research found no significant association between self-concept congruity, product preference, purchase intentions, and loyalty (Green Maheshwari, & Rao 1969; Hughes & Guerrero

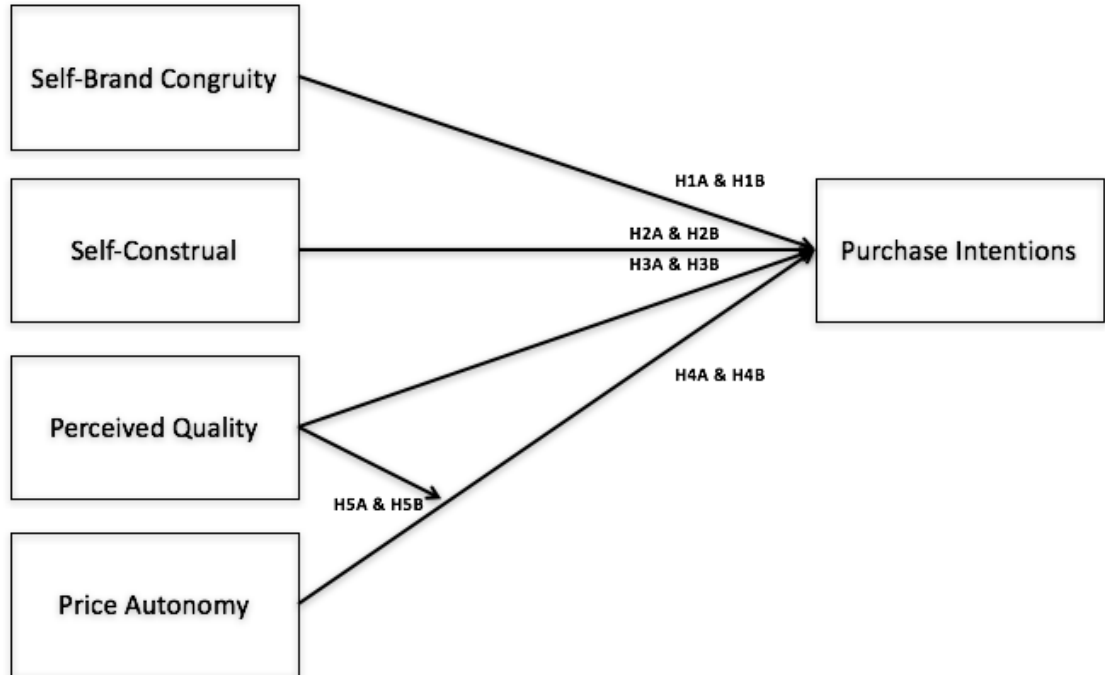
1971; Landon 1974). In other instances, brand attitudes and purchase intentions have been found to be positively associated with self-congruity (Aaker 1997; Petty et al. 1983; Sirgy 1985). Self-brand-congruity has been found to produce additional benefits including providing brands a sustainable competitive advantage and creating brand equity (Aaker 1997; Mantell 2009; Miles 2010). Other research has found self-brand congruity to have a positive association with purchase intentions (Aguirre-Rodriguez, Bosnjak, & Sirgy 2012; Perry et al. 1983; Sung and Choi 2012).

The majority of previous studies has found positive associations between self-brand congruity and consumer attitudes, behaviors, and purchase intentions. With support from sign theory and cognitive consistency theories, we anticipate consumers will seek out brands that align with their self-concept. In an elective pricing context, this will result in consumers having higher purchase intentions in situations where the brand personality is more congruent with their self-image and having significantly lower purchase intentions in situations where the brand personality is less congruent with their self-image. This rationale aligns with the findings of previous research in contexts outside of elective pricing and we look to replicate these findings in a new context. These hypotheses can be viewed in Figure 4. Therefore, we hypothesize:

H1A: In an elective pricing context when self-brand congruity is high, consumers will have higher purchase intentions.

H1B: In an elective pricing context when self-brand congruity is low, consumers will have lower purchase intentions.

Figure 4 Proposed Hypotheses



Self-Construal

Self-construal is the “constellation of thoughts, feelings, and actions concerning one’s relationship to others such as the self being distinct from others or connected to others (Singelis 1994).” It consists of an individual’s view of themselves as well as the structure of their self-schema (Cross, Morris, & Gore 2002; Lee, Aaker, & Gardner 2000; Markus & Kitayama 1991). The literature has distinguished two types of self-concepts, independent and interdependent. Self-construal can be activated through situational changes (Trafimow, Triandis, & Goto 1991; Ybarra & Trafimow 1998) which can result in influencing consumer behaviors as well as social perceptions (Lee, Aaker, & Gardner 2000; Mandel 2003; Zhang and Shrum 2008). The priming of independent and interdependent self-concepts can influence consumer choices (Bettman and Suhan 1987; Mandel and Johnson 2002), decision making

(Mandel 2003), information processing (Aaker & Lee 2001; Ahluwalia 2008; Krishna, Zhou, & Zhang 2008; Kühnen, Hannover, & Schubert 2001), and judgements (Herr 1989; Krishna, Zhou, & Zang 2008).

Previous research has found independent and interdependent consumers to be different from one another in how they view themselves and the world around them. Consumers with independent self-construal are distinctive from the group, autonomous, and unique with a main objective to stand out from group members. Interdependent are part of a group, interconnected, and relationship focused with a main objective to maintain harmony within the group (Markus & Kitayama 1991; 1994). These different states can be created in consumers based on the cultural orientation (Markus & Kitayama 1991), but previous research has also shown these different types of self-construal can be activated in different consumer situations and contexts (Agrawal & Maheswaran 2005; Ng & Houston 2006; Triandis 1995).

Our research explores how consumers primed to be independent or interdependent as well as measuring their self-construal is associated with their purchase intentions in this unique elective pricing context. We expect self-construal to have a significant impact on consumer purchase intentions in an elective pricing context where consumers have full control of setting the price.

This unique pricing strategy allows consumers who could not normally afford the product at a fixed price to pay at a reduced rate. Therefore, some consumers, likely those with an interdependent self-construal, would see the benefit to others in the community with organizations offering this pricing mechanism. With interdependent consumers valuing relationships and groups, they would feel closer to aspects of our

world like brands, firms, and entities. Independent consumers do not rely on others, so they may not prefer this pricing mechanism which helps out others in the community. Thus, they may be less likely to purchase products from an organization offering elective pricing. Therefore, we expect interdependent consumers to find value in this pricing mechanism as it has the opportunity to help the greater good of communities. This results in interdependent consumers having higher purchase intentions. Independent consumers would not see the value of this pricing mechanism, since they are more focused on themselves and would possess significantly lower purchase intentions than interdependent consumers.

In addition to interdependent consumers valuing helping out others, self-determination theory provides support for this difference in purchase intentions between interdependent and independent consumers by suggesting there is a relationship between intrinsically motivated behaviors and autonomy (Deci and Ryan 1985). Consumers with different levels of self-construal could result in different autonomy preferences. When interacting with firms operating under an elective pricing model, some consumers may value the freedom to choose and benefits the pricing mechanism provides to consumers at lower income levels. Consumer experiences and interpretation of stimuli can influence their behaviors resulting in the different levels of purchase intentions (Ryan and Deci 2008). Specifically, we hypothesize that:

H2A: In an elective pricing context, interdependent consumers will have significantly higher purchase intentions.

H2B: In an elective pricing context, independent consumers will have significantly lower purchase intentions.

Perceived Product Quality

Product quality consists of a consumer's judgement about the superiority of a product (Zeithaml 1988). Previous research suggests the perceived quality of a product has positive consequences such as higher levels of loyalty, profitability, sales, and satisfaction (Mitra & Golder 2006). Perceived quality was also found to be associated with consumer purchase intentions (Rajendran & Hariharan 1996). We extend previous findings to an elective pricing context showing perceived quality will have a similar effect on consumer purchase intentions.

Based on these previous findings, we anticipate when perceived product quality is high consumers will have significantly higher purchase intentions. When perceived product quality is low we anticipate consumers will have significantly lower purchase intentions. Therefore, we expect to replicate previous findings pertaining to the association between perceived quality and purchase intentions in an elective pricing context. Specifically, we hypothesize that:

H3A: In an elective pricing context when perceived product quality is high, consumers will have significantly higher purchase intentions.

H3B: In an elective pricing context when perceived product quality is low, consumers will have significantly lower purchase intentions.

Study One

Study one investigates the roles of self-brand congruity, self-construal, and perceived product quality with consumer purchase intentions in an elective pricing context. More specifically, we investigate in an elective pricing context how these variables are associated with purchase intentions which are measured through consumer purchase likelihood and perceived satisfaction. Study one is designed to test H1A, H1B, H2A, H2B, H3A, and H3B.

Design and Sample

Study one is a 2 (Self-Construal: Interdependent versus Independent) x 1 (Self-Brand Congruity) x 1 (Perceived Product Quality) between-subjects experimental design that was used across four brand personality dimensions: sincerity (n = 106), excitement (n = 109), sophistication (n = 95), and ruggedness (n = 98). This resulted in a final sample of 408. Self-construal was operationalized as a situational variable where participants were primed to feel more independent or interdependent. Self-brand congruity was operationalized as a personality trait where they perceived their self-concept to be a match or mismatch along a continuum with the brand personality presented in the scenario. Lastly, perceived product quality was also operationalized as a personality trait measuring the participants' perceived quality of the general admission ticket in the scenario. Participants were recruited through Amazon Mechanical Turk and received \$0.50 for completing the survey, which took approximately 10 minutes to complete.

Pretest

To confirm participants interpreted brand personalities correctly pretests were conducted with participants recruited from Amazon Mechanical Turk. A pretest (n = 50) was conducted to determine the fictitious brand names of a professional sport team using each of the five distinct brand personality dimensions (Aaker 1999). Participants in the first pretest came up with names for the team, while the second pretest (n = 60) rated the names using the brand personality scale to determine the names for the experiment (Aaker 1997). The final pretest resulted in four successful brand personality manipulations for team names using the sincerity (Metropolis Knights, n = 19), excitement (Metropolis Lightning, n = 17), sophisticated (Metropolis Elite, n = 18), and ruggedness (Metropolis Outlaws, n = 17) brand personality dimensions. The manipulation for the competence brand personality dimension (Metropolis Generals, n = 19) was unsuccessful.

Procedure and Stimuli

Participants were asked to read an advertisement for a professional sport team offering general admission tickets where fans could “pay-what-they-want.” The advertisement included the brand personality and self-construal manipulations. Information about the team, fan quotes, and images were used to manipulate each condition. To ensure participants were familiar with elective pricing we explained this was a pricing strategy where consumers have full control in setting the price of the general admission ticket. Immediately after the participants read the scenarios, they responded to dependent measures, manipulation checks, attention checks, and demographic information. Finally, participants were thanked for completing the

questionnaire and received a validation code to receive their compensation for completing the experiment.

Measures

To determine self-brand congruity, participants were asked to rate how descriptive one of Aaker's (1997) brand personality dimensions matched their self-concept using a 7-point Likert scale (1-not at all descriptive, 7-extremely descriptive). This was the same brand personality in the sport team scenario presented to them. This created a continuum of whether their self-concept was congruent or not congruent with the brand personality presented in the scenario (Aaker 1997). Therefore, self-brand congruity was a measured variable in our experiment.

Variables manipulated in the scenarios were brand personality and self-construal. Brand personality was manipulated using terms describing the brand aligning with one of the five brand personalities. Self-construal was manipulated by priming the thoughts of the participants to be either independent or interdependent by using words, phrases, and images in an advertisement, which were self-oriented in the independent condition and other-oriented in the interdependent condition (Kwak, Puzakova, & Rocereto 2017).

When measuring self-construal for the manipulation checks participants were asked four items: (1) thoughts on the situation that were focused on themselves, (2) thoughts were focused on just them, (3) thoughts on the situation that were focused on them and their teammates, and (4) thoughts that were focused on them and their teammates (Aaker & Lee 2001). Two items measured self-thought and two items

measured other-thought. The responses to the self-construal items used a 7-point Likert scale (1-not at all, 7-a lot).

Perceived product quality was a measured variable. It was measured using a 5-item, 7-point Likert scale (1-strongly disagree, 7-strongly agree) adapted from Pappu and Quester (2005). Participants responded with the perceived quality of the general admission ticket to the sporting event in the scenario.

The dependent variables of interest were purchase likelihood and perceived satisfaction, which were combined to measure consumer purchase intentions. Purchase likelihood was measured as a one-item continuous variable using a 7-point Likert scale (1-very unlikely, 7-very likely). Participants responded with how likely they would purchase the general admission ticket to the sporting event in the scenario. Perceived satisfaction was measured as a one-item continuous variable using a 7-point Likert scale (1-very dissatisfied, 7-very satisfied). Participants responded with how satisfied they were with the general admission ticket to the sporting event in the scenario. A factor analysis was conducted to determine if the two, one-item variables were orthogonal. The factor analysis showed these two manifest variables load onto one factor ($\lambda = 1.58$) forming a latent variable, purchase intentions.

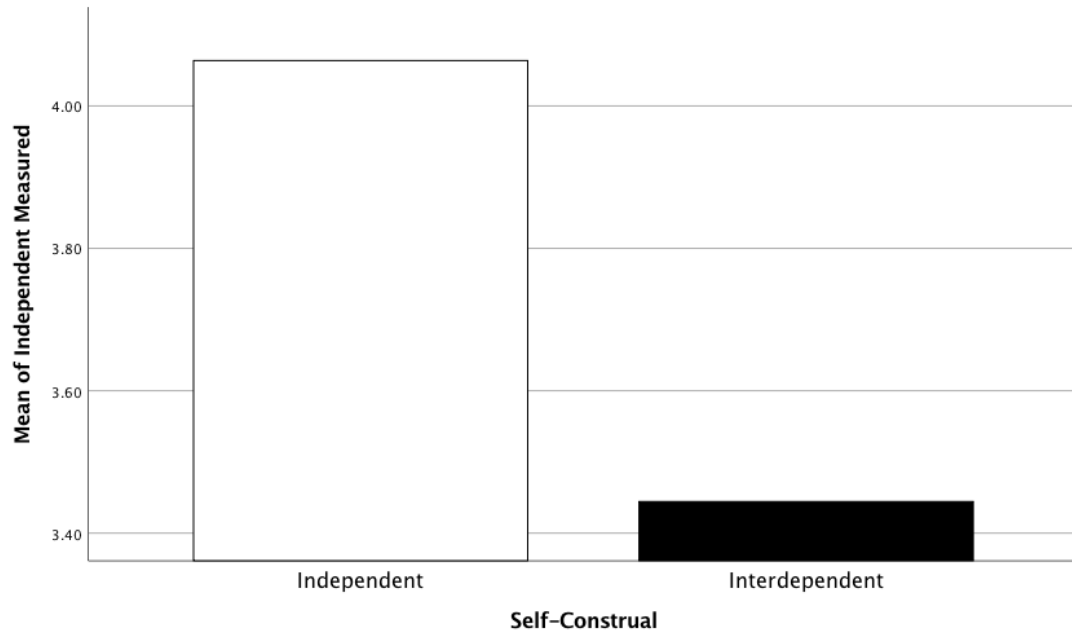
Several demographic variables were collected and used as control variables for the analyses. This included age, education level, gender, income level, and marital status. Age was measured as a continuous variable with participants providing a numerical response. Education level, gender, income level, and marital status were measured as categorical variables with participants selecting amongst several alternatives.

Multiple questions were asked throughout the duration of the questionnaire to ensure participants were giving reliable and valid responses. These attention checks consisted of one question asking respondents to choose a particular answer choice and the other asking respondents to write the word “reader” in an open-ended text box. Participants answering either question incorrectly were removed from the sample.

Self-Construal Manipulation Check Results

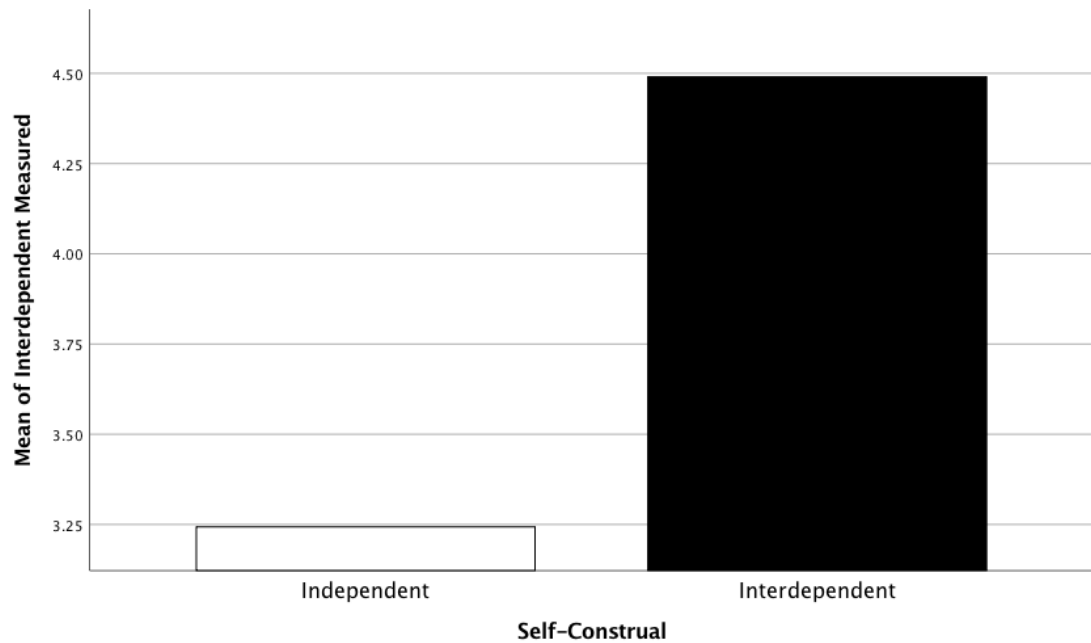
The four-item measure for self-construal had a Cronbach’s Alpha of .63. The two-item independent factor had a Cronbach’s Alpha of .92 and the two-item interdependent factor had a Cronbach’s Alpha of .76. Participants in the independent condition had significantly higher levels of independent self-construal than those in the interdependent condition ($M_{\text{Independent}} = 4.06$ and $SD_{\text{Independent}} = 1.82$, $M_{\text{Interdependent}} = 3.44$ and $SD_{\text{Interdependent}} = 1.57$, $F = 16.85$, $P < .01$). This result can be viewed in Figure 5.

Figure 5 Successful Independent Manipulation



Participants in the interdependent condition had significantly higher levels of interdependent self-construal than those in the independent condition ($M_{\text{Independent}} = 3.24$ and $SD_{\text{Independent}} = 0.09$, $M_{\text{Interdependent}} = 4.49$ and $SD_{\text{Interdependent}} = 0.10$, $F = 85.08$, $P < .01$). This result can be seen in Figure 6. These results support that the self-construal manipulation was successful.

Figure 6 Successful Interdependent Manipulation



Brand Personality Manipulation Check Results

The 42-item measure had a Cronbach's Alpha of .95. Additionally, Cronbach's Alpha was measured for each of the five factors (sincerity = .90, excitement = .91, competent = .87, sophisticated = .82, and ruggedness = .84). Participants in the sincerity condition rated the brand more descriptive for the sincerity dimension than the other four dimensions ($M_{\text{Sincerity}} = 3.65$ and $SD_{\text{Sincerity}} = 0.81$, $M_{\text{Excitement}} = 3.32$ and $SD_{\text{Excitement}} = 0.75$, $M_{\text{Competence}} = 3.24$ and $SD_{\text{Competence}} = 0.84$, $M_{\text{Sophisticated}} = 3.15$ and $SD_{\text{Sophisticated}} = 0.84$, $M_{\text{Ruggedness}} = 3.17$ and $SD_{\text{Ruggedness}} = 0.81$, $F = 6.55$, $p < .01$), which can be seen in Figure 7. Participants in the excitement condition rated the brand more descriptive for the excitement dimension than the other four dimensions ($M_{\text{Sincerity}} = 3.18$ and $SD_{\text{Sincerity}} = 0.82$, $M_{\text{Excitement}} = 3.64$ and $SD_{\text{Excitement}} = 0.83$, $M_{\text{Competence}} = 3.08$ and $SD_{\text{Competence}} = 0.88$, $M_{\text{Sophisticated}} = 3.09$ and $SD_{\text{Sophisticated}} = 0.88$, $M_{\text{Ruggedness}} = 3.18$ and $SD_{\text{Ruggedness}} = 0.76$, $F = 8.20$, $p < .01$), which can be seen in Figure 8.

Participants in the competence condition did not rate the brand more descriptive for the competence dimension than all four other dimensions ($M_{\text{Sincerity}} = 2.89$ and $SD_{\text{Sincerity}} = 0.79$, $M_{\text{Excitement}} = 2.89$ and $SD_{\text{Excitement}} = 0.76$, $M_{\text{Competence}} = 3.27$ and $SD_{\text{Competence}} = 0.82$, $M_{\text{Sophisticated}} = 3.00$ and $SD_{\text{Sophisticated}} = 0.80$, $M_{\text{Ruggedness}} = 2.90$ and $SD_{\text{Ruggedness}} = 0.74$, $F = 4.39$, $p < .01$), which can be seen in Figure 9. This is evident from the post hoc Tukey test showing only a marginal difference between the competence and sophisticated factors ($p = 0.10$). Therefore, we exclude the competence condition from the final results. Participants in the sophisticated condition rated the brand more descriptive for the sophisticated dimension than the other four dimensions ($M_{\text{Sincerity}} = 2.39$ and $SD_{\text{Sincerity}} = 0.76$, $M_{\text{Excitement}} = 2.42$ and $SD_{\text{Excitement}} = 0.71$, $M_{\text{Competence}} = 2.34$ and $SD_{\text{Competence}} = 0.85$, $M_{\text{Sophisticated}} = 3.00$ and $SD_{\text{Sophisticated}} = 0.81$, $M_{\text{Ruggedness}} = 2.08$ and $SD_{\text{Ruggedness}} = 0.81$, $F = 17.77$, $p < .01$), which can be seen in Figure 10. Participants in the ruggedness condition rated the brand more descriptive for the ruggedness dimension than the other four dimensions. ($M_{\text{Sincerity}} = 2.67$ and $SD_{\text{Sincerity}} = 0.86$, $M_{\text{Excitement}} = 2.50$ and $SD_{\text{Excitement}} = 0.84$, $M_{\text{Competence}} = 2.92$ and $SD_{\text{Competence}} = 0.82$, $M_{\text{Sophisticated}} = 2.46$ and $SD_{\text{Sophisticated}} = 0.79$, $M_{\text{Ruggedness}} = 4.07$ and $SD_{\text{Ruggedness}} = 0.88$, $F = 62.56$, $P < .01$), which can be seen in Figure 11. These results support that the sincerity, excitement, sophisticated, and ruggedness brand personality manipulations were successful. Therefore, we are able to combine the results from all four brand personality conditions and aggregate the results.

Figure 7 Successful Sincerity Manipulation

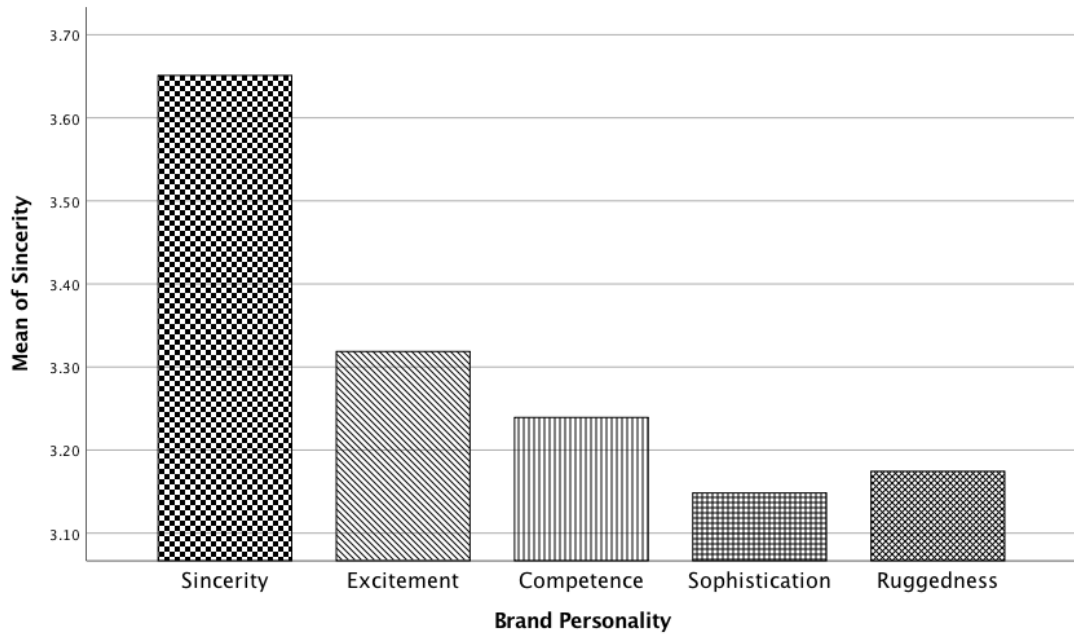


Figure 8 Successful Excitement Manipulation

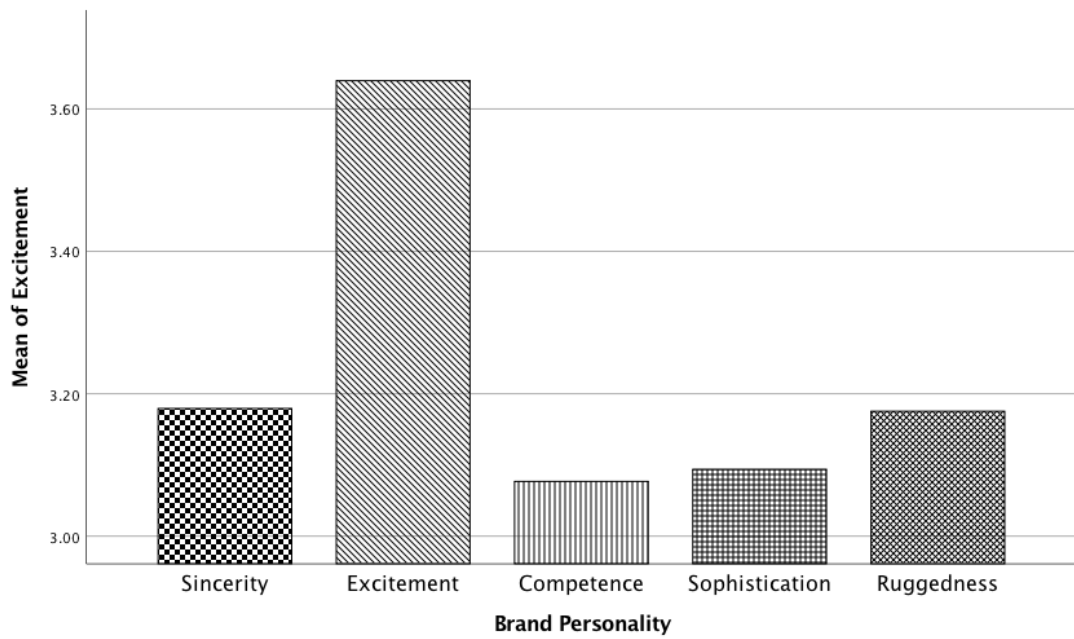


Figure 9 Unsuccessful Competence Manipulation

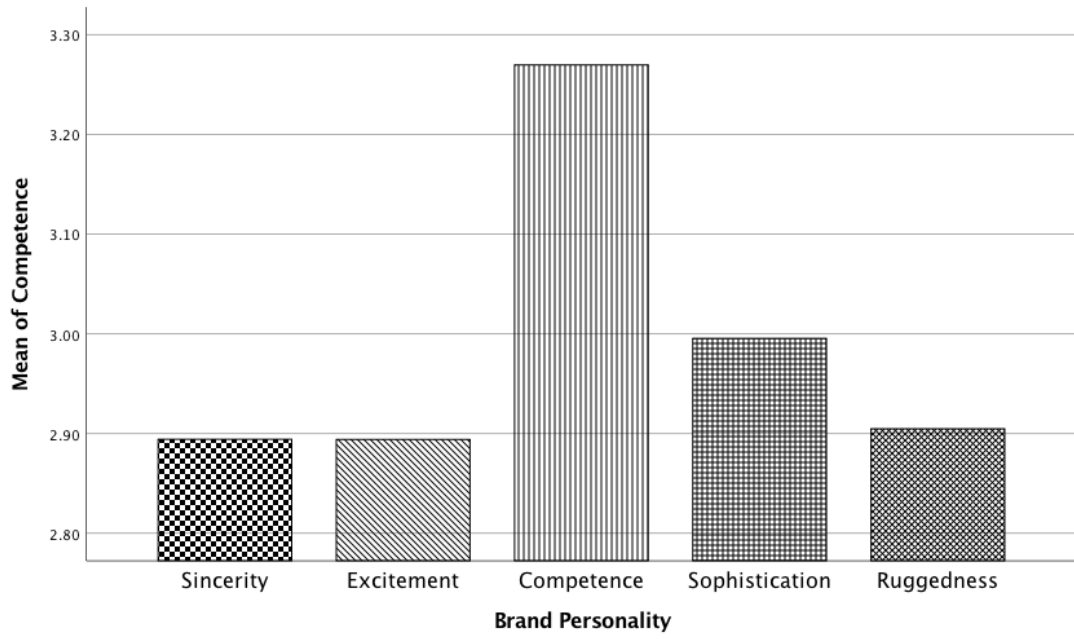


Figure 10 Successful Sophisticated Manipulation

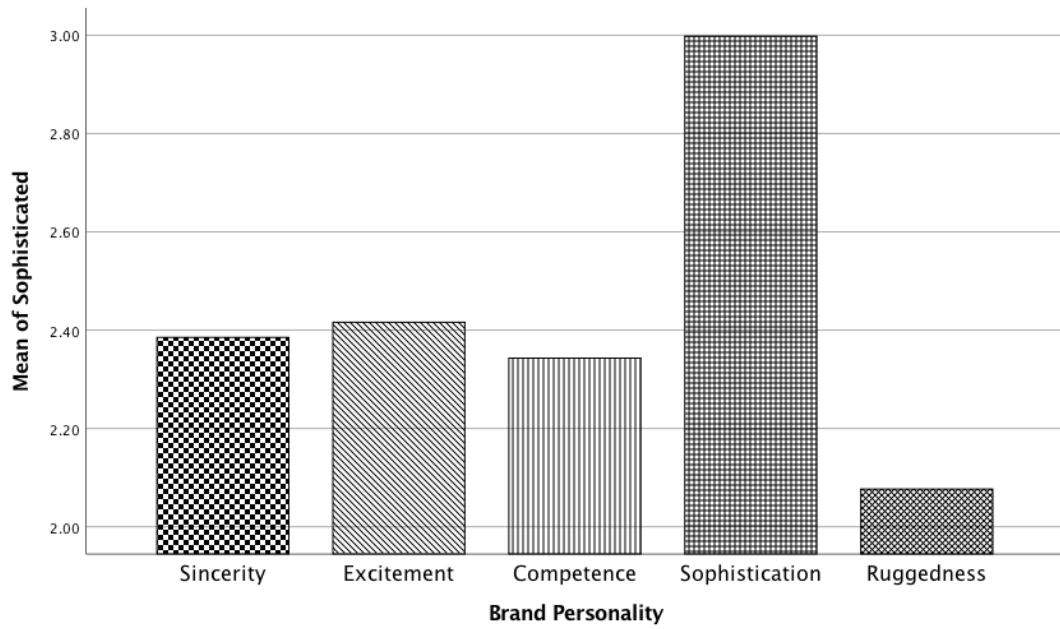
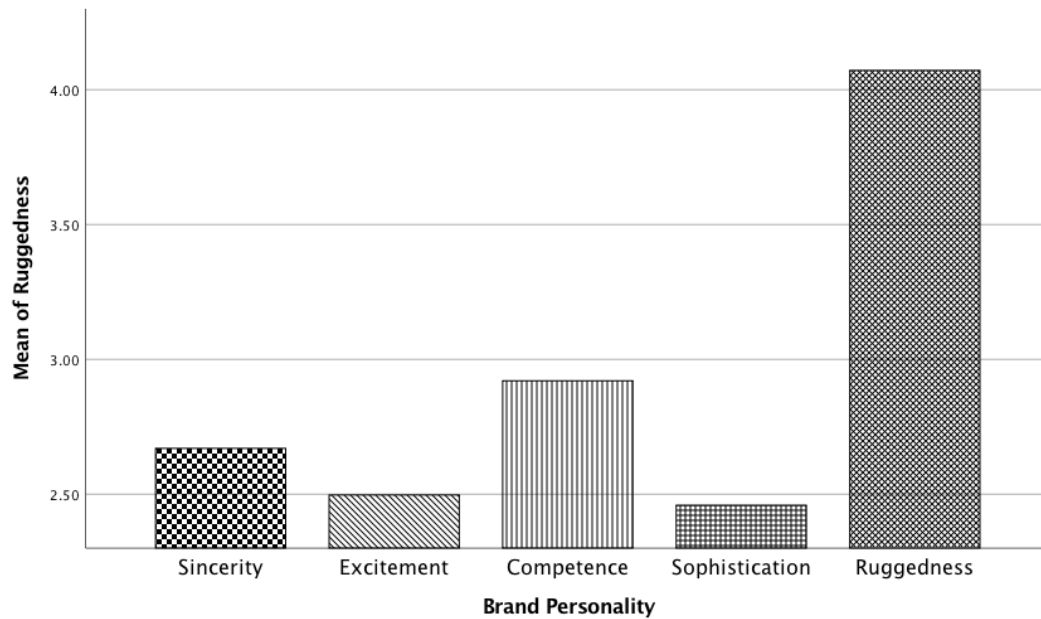


Figure 11 Successful Ruggedness Manipulation

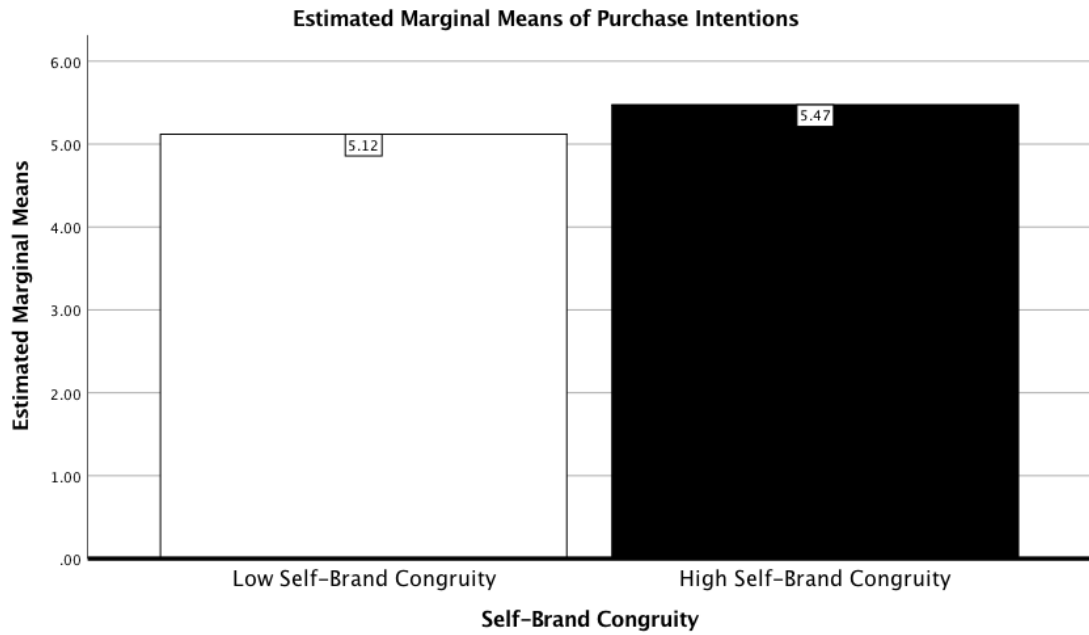


Purchase Intentions Results

When examining consumer purchase intentions, we aggregated the data across the four brand personality conditions (sincerity, excitement, sophisticated, and ruggedness) which had successful manipulations. The competence condition was not included since the manipulation was only marginally successful. This increased the power and sample size of our study.

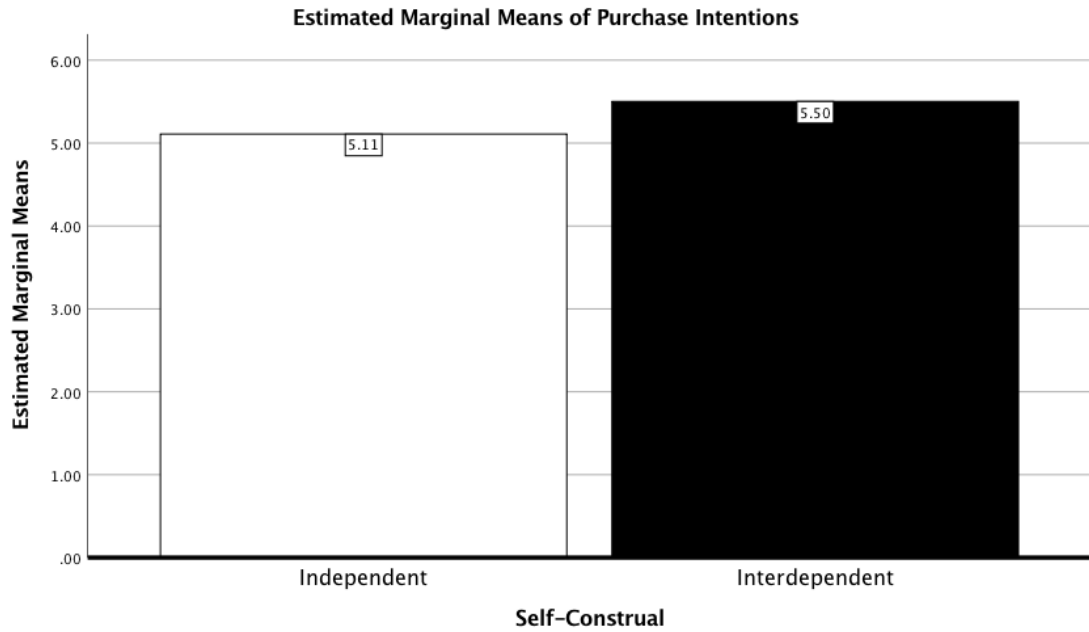
We found a significant main effect for self-brand congruity ($F(1, 408) = 15.31, p < .01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 12. Together these results provide support for H1A and H1B.

Figure 12 Significant Main Effect for Self-Brand Congruity



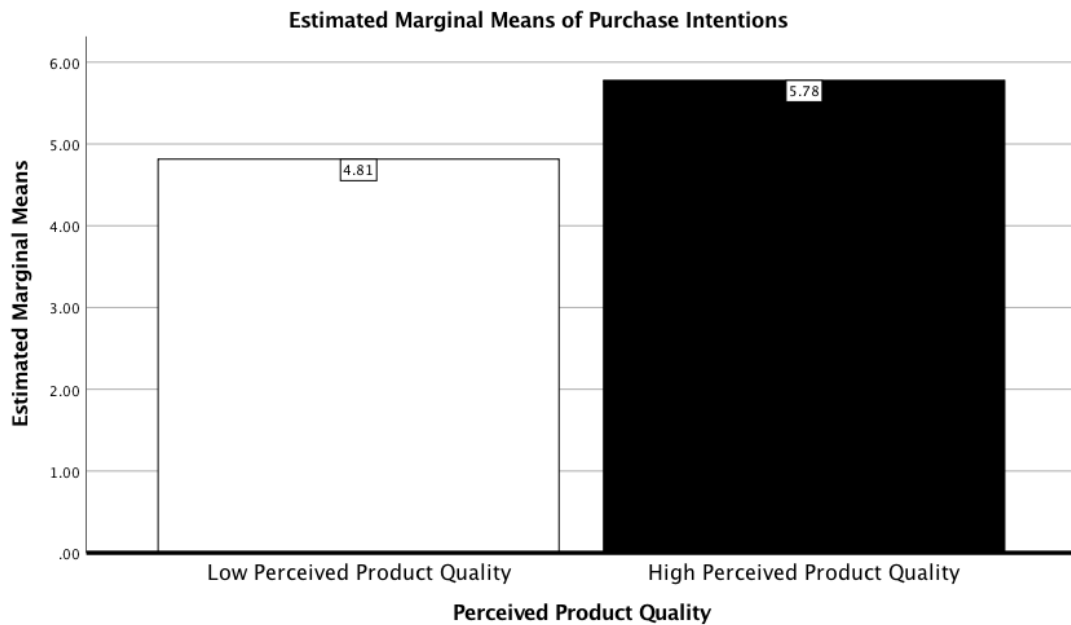
We found a significant main effect for self-construal ($F(1, 408) = 9.65, p < 0.01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 13. Together these results provide support for H2A and H2B.

Figure 13 Significant Main Effect for Self-Construal



We found a significant main effect for perceived product quality ($F(1, 408) = 92.06, p < .01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 14. Together these results provide support for H3A and H3B.

Figure 14 Significant Main Effect for Perceived Product Quality



The results examining consumer purchase intentions support H1A and H1B that when self-brand congruity is high in an elective pricing context, consumers will have higher purchase intentions and when self-brand congruity is low consumers will have lower purchase intentions. We find support for the self-construal hypotheses (H2A and H2B) where interdependent consumers had significantly higher purchase intentions than independent consumers. Finally, the results support H3A and H3B that perceived product quality is associated with consumer purchase intentions. Higher perceived quality is associated with higher consumer purchase intentions and lower perceived quality is associated with lower consumer purchase intentions.

Additionally, we find some higher order interactions with consumer purchase intentions. First, we find a marginally significant interaction between self-construal and perceived product quality using a spotlight analysis ($t = 1.87$, $SE = 0.11$, $p = .06$). Using the Johnson-Neyman technique, the interaction becomes significant as

perceived product quality becomes less than 5.17. This result can be seen visually in Figure 15. These results are successfully replicated using a median-split technique ($F(1, 408) = 3.34, p = 0.07$) and can be viewed in Figure 16.

Figure 15 Significant Interaction Effect for Self-Construal and Perceived Product Quality using a Spotlight Analysis

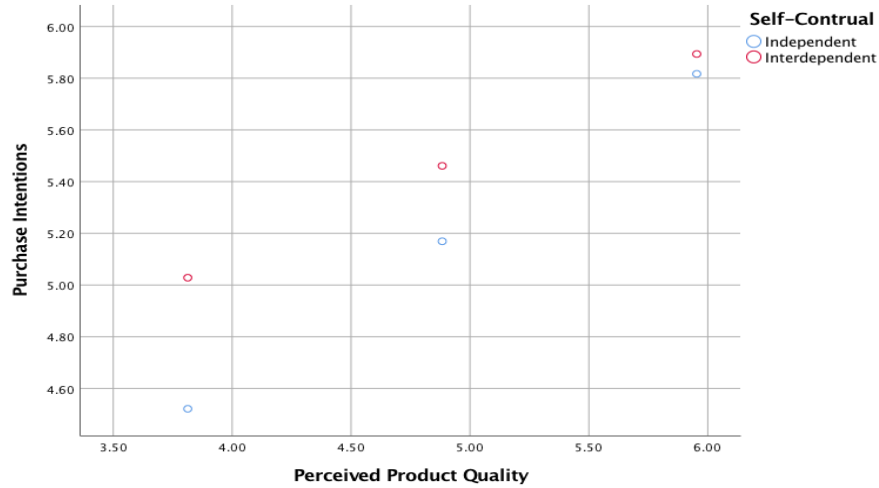
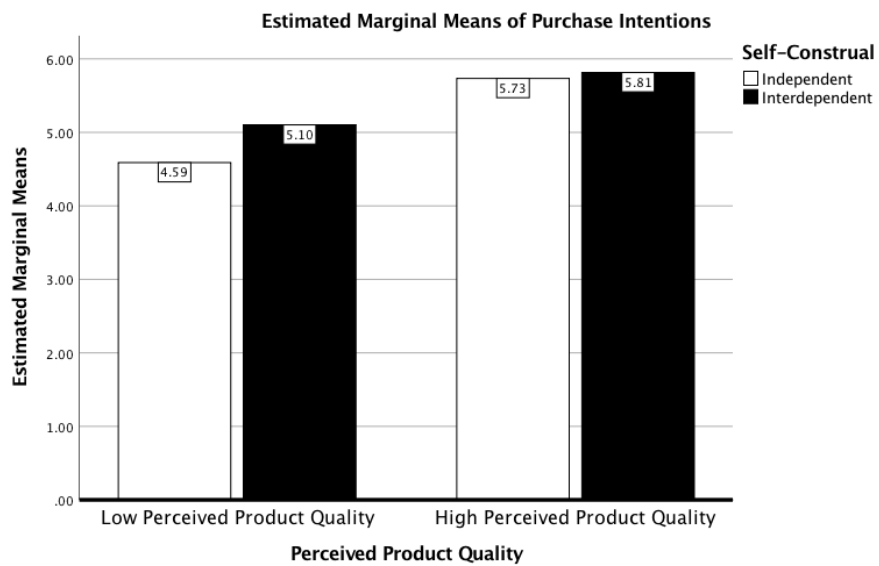


Figure 16 Significant Interaction Effect for Self-Construal and Perceived Product Quality using a Median-Split Technique



The results produced suggest when interdependent consumers perceive products to be lower in quality they have significantly higher purchase intentions than independent consumers in an elective pricing context. Marketing managers can target offers to interdependent consumers when their offerings are lower in quality than the competition and planning on using an elective pricing mechanism. This could result in increased purchase intentions and revenue streams for the firm moving forward.

Second, we find a significant three-way interaction between self-construal, self-brand congruity, and perceived product quality on consumer purchase intentions. This significant result was observed using a spotlight analysis ($t = 2.22$, $SE = 0.10$, $p = .03$). Using the Johnson-Neyman technique, the interaction becomes significant as perceived product quality becomes less than 3.84 and when self-brand congruity becomes greater than 3.02. This result can be seen visually in Figure 17. These results are successfully replicated using a median-split technique ($F(1, 408) = 43.8$, $p = 0.04$) and can be viewed in Figure 18.

Figure 17 Significant Interaction Effect for Self-Construal, Self-Brand Congruity, and Perceived Product Quality using a Spotlight Analysis

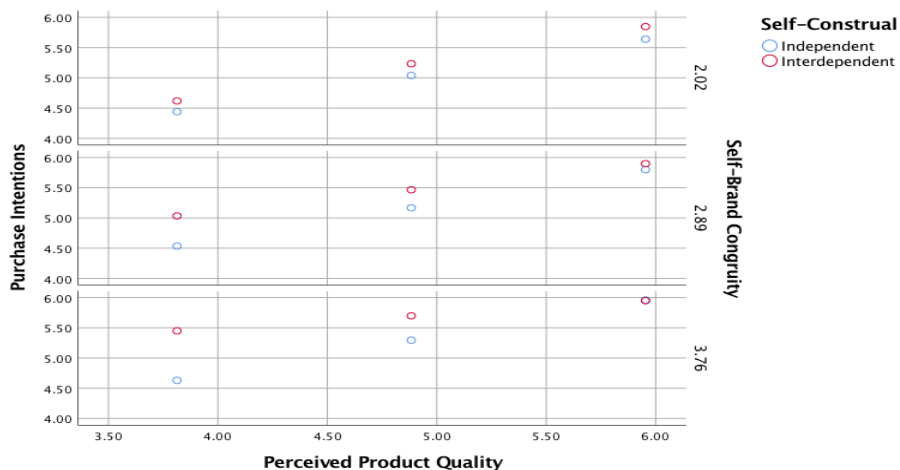
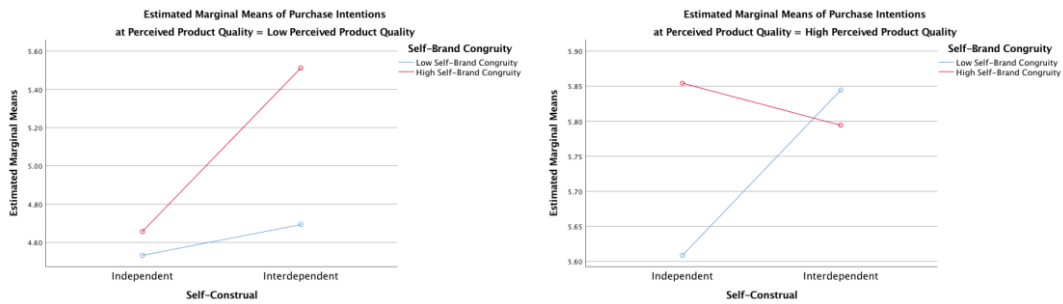


Figure 18 Significant Interaction Effect for Self-Construal, Self-Brand Congruity, and Perceived Product Quality using a Median-Split Technique



Discussion

Study one finds self-brand congruity, self-construal, and perceived product quality are significant attributes influencing consumer purchase intentions in an elective pricing context. We contribute to the literature by showing how self-brand congruity, self-construal and product quality have associations with consumer purchase intentions in our model. Given that elective pricing is a new pricing mechanism where branding effects on consumer behaviors and individual difference variables have been relatively unexplored, we add new insights into how these tools can ensure a higher likelihood this pricing strategy being successful by highlighting instances where consumers possess significantly higher purchase intentions. Additionally, we highlight how product quality matters to consumers in an elective pricing situation.

Previous research has found purchase intentions are important criteria for firms to measure in many contexts, including when attempting to predict future sales (Morwitz, Steckel, & Gupta 2007). Researchers often use purchase intentions to measure consumer purchase behaviors (Schlosser 2003). Therefore, firms and researchers have an interest in finding ways to increase consumer purchase intentions.

Additionally, we find some non-hypothesized, higher-order interaction effects. Previous research has found some relationships between perceived product quality and self-construal in various consumption settings. Since products can be used by consumers to symbolize specific attributes and communicate individual values and beliefs (Millan & Reynold 2014; Schau, 2000), perceived product quality is an important attribute of product image that is of importance to consumers. Therefore, perceive product quality and product image play important roles since they are the product's ability to meet the needs of consumers (Khan & Lee, 2014). This product image is made up of intrinsic properties (physical product attributes) and extrinsic properties (communication about the perceived intrinsic value) (Kincade & Gibson 2010).

Self-construal is constructed by consumers through product meanings and in the context of influencing values (Millan & Reynolds, 2014, Schiffman, Kanuk, & Wisenblit, 2010). This individual consumer difference variable has been found to influence consumer judgments (Mandel 2003; Torelli 2006). Therefore, we many anticipate this would have some role in consumer purchase intentions. Modern gender theory suggests men have a more interdependent self-construal and women have more interdependent self-construal (Baumeister & Sommer 1997; Melnyk, Van Osselaer, & Bijmolt 2009). Men have been found to make less compromises on high product quality compared to women (Chiu 2002; Iacobucci & Ostrom 1993). Consumers are willing to pay more when they believe high-priced products communicate prestige to other consumers (Jin & Sternquist 2003).

Other-focused societies, which would be higher in interdependent self-construal, emphasize harmony and aligning their actions with those of others (Aaker & Williams 1998). Collectivist or interdependent consumers may be concerned with how others perceive their purchases. Ego-focused or independent cultures exhibit prestige sensitivity more than other-focused cultures. Consumers from more independent cultures have been shown to exhibit higher levels of prestige sensitivity than consumers from more interdependent cultures (Jin & Sternquist 2003). Thus, these previous findings support our finding of a higher order interaction between perceived product quality and self-construal

In addition to the two-way interaction, we uncover a significant three-way interaction between self-construal, self-brand congruity, and perceived product quality. Again, previous literature may support us finding this significant three-way interaction in our current experimental design. Self-construal has been found to have associations with consumer brand evaluations (Ng & Houston 2006), judgments (Mandel 2003; Torelli 2006), and persuasion (Agrawal & Maheswaran 2005). Specifically, independent and interdependent consumers have been found to differ in their consumption behaviors in a variety of settings. For example, independent consumers are more likely to tolerate incongruity than interdependent consumers since independent consumers are more likely to respond to the incongruity they are experiencing (Aaker & Sengupta 2000; Ahluwalia 2008).

Independent and interdependent consumers may also differ on their behaviors and attitudes across different levels of perceived product quality and congruity between themselves and brand they are exposed to in the environment. In the context

of luxury or high quality products, independent consumers have been found to focus on their internal self and hedonistic experience. These luxury products fulfill emotional consumer needs (Vigneron & Johnson 2004; Kim, Kim, & Lee 2010). Luxury brands have been found to provide better perceived product quality consumers purchase them for their excellent product quality (Gentry, Putrevu, Shultz & Commuri 2001). Therefore, we may anticipate these luxury brand results to be similar under high product quality conditions.

Additional research has found consumers from individualistic cultures, who would have more a more independent self-construal, have more diverse motivations in forming positive attitudes toward luxury brands, including product quality, self-achievement, self-pleasantness, and self-concept (Dubois, Czellar, & Laurent 2005; Sirgy 1982; Tsai 2005; Vigneron & Johnson 1999). Independent consumers may take into account more information when forming attitudes and behaviors towards brands like self-brand congruity and perceived product quality. Therefore, we may have some support for this significant interaction between self-construal, self-brand congruity, and perceived product quality on purchase intentions in an elective pricing context.

The results produced find some valuable insights pertaining to consumer purchase intentions in this context, but warrant further investigation. Study one only measures purchase likelihood and perceived satisfaction using one-item measures. Previous research supports the use of one-item measures (Wanous & Reichers 1996), but future research replicating the findings using multi-item measures could strengthen the reliability and validity of the results. In study two, we anticipate replicating study one findings for self-brand congruity and product quality using multiple-item

measures for purchase likelihood and satisfaction. We plan to extend our findings by investigating how payment autonomy is associated with consumer purchase intentions. This consists of manipulating the price as fixed, where the consumers have no control of setting the price of the product, and elective, where consumers had full control of setting the price of the product. Lastly, we higher-order interaction combinations with these variables to identify different contexts when consumers differ in their purchase intentions.

Study Two

The objective of study two is to replicate and extend the findings from study one. Specifically, we are looking to replicate H1A, H1B, H2A, H2B, H3A, and H3B. In study one, we found significant main effects for all three variables; self-brand congruity, self-construal, and perceived product quality. Now we extend these finding by looking at price as an independent variable.

Autonomy of Pricing Mechanism

Firms are faced with many different pricing strategies which range from giving consumers no control (fixed pricing) to complete control (elective pricing) in setting the price of products. While previous research has investigated how self-brand congruity is associated with various consumer behaviors and attitudes, the literature lacks an examination into pricing strategies differing on their level of autonomy. Elective pricing gives consumers more autonomy with their individual preferences (Bertini & Koenigsberg 2014). With some segments of the market preferring control

and choice, an elective pricing mechanism provides a desired offering to consumers (Ammermann & Veit 2013; Hershatter & Epstein 2010).

Presenting choices to consumers may increase feelings of autonomy and intrinsic motivation (Deci & Ryan 1985). Elective pricing provides consumers a feeling of autonomy unlike fixed pricing which puts consumers in a passive role (Ammermann & Veit 2013). Consumers would prefer autonomy in setting the price of products which is present in elective pricing, but not fixed pricing. We anticipate consumers exposed to elective prices will have higher purchase intentions than consumers exposed to fixed prices. Therefore, we hypothesize:

H4A: When exposed to an elective price, consumers have higher purchase intentions.

H4B: When exposed to a fixed price, consumers have lower purchase intentions.

Autonomy of Pricing Mechanism and Perceived Product Quality

The autonomy of a firm's pricing mechanism and perceived quality have been found to be have some association with one another. Bertini and Koenigsberg (2014) suggest providing consumers autonomy when setting the price of products, signals higher product quality. Previous research has found consumers receiving a discounted price derive less benefit from the product than consumers paying the regular price (Shiv, Carmon, & Ariely 2005). Aucouturier, Fujita, and Sumikura (2015) found co-creation and product quality were associated with consumer purchase intentions.

Since elective pricing requires input by both parties, this results in co-creation by both the firm and consumer. We may experience a similar interaction between autonomy and perceived product quality on consumer purchase intentions. Specifically, we anticipate this difference to occur between fixed and elective pricing when the perceived product quality of the product quality is low. Consumers perceiving the product to be low quality may appreciate having some control in setting the price, so they do not overpay. When forced to pay a fixed price for a low quality product, they may feel they are being overcharged and have less opportunity to minimized cognitive dissonance. Therefore, they would have significantly lower purchase intentions. When consumers perceive the product to be high quality, they have less risk in experiencing cognitive dissonance from the purchase, so their purchase intentions should be the same under both the elective price and fixed price conditions. Therefore, we hypothesize:

H5A: Consumers perceiving product quality to be low and are exposed to an elective price will have significantly higher purchase intentions than when they are exposed to a fixed price.

H5B: Consumers perceiving product quality to be high results in no significant difference in purchase intentions when exposed to elective prices or fixed prices.

Design and Sample

A 2 (Pricing Mechanism Autonomy: Fixed Pricing versus Elective Pricing) x 1 (Self-Brand Congruity) x 1 (Perceived Product Quality) between-subjects

experimental design was used across three brand personality dimensions: sincerity (n = 100), sophisticated (n = 102), and ruggedness (n = 107). This resulted in a final sample of 309 participants. Pricing mechanism autonomy was operationalized as a situational variable where participants were primed to feel they had more control in setting the price in the elective price condition or less control in setting the price in the fixed price condition. Self-brand congruity was operationalized as a personality trait where they perceived their self-concept to be a match or mismatch along a continuum with the brand personality presented in the scenario. Lastly, perceived product quality was also operationalized as a personality trait measuring the participants' perceived quality of the general admission ticket in the scenario. These participants were recruited online through Amazon Mechanical Turk similar to study one.

Pretest

A pretest (n = 50) similar to study one, confirmed the brand names previously chosen for the professional sport team aligned with the brand personalities (Aaker 1997). The final pretest resulted in three successful brand personality manipulations for team names using the sincerity (Metropolis Knights), sophisticated (Metropolis Elite), and ruggedness (Metropolis Outlaws) brand personality dimensions. This pretest confirmed participants perceived the fixed pricing mechanism to be less autonomous than the elective pricing mechanism.

Procedure and Stimuli

The procedure was similar to study one, except participants read an advertisement from the professional sport team's merchandise store offering a pricing

promotion for their jerseys with either a fixed price or elective price. Immediately after the participants read the scenarios, they responded to dependent measures, manipulation checks, attention checks, and demographic information. Finally, participants were thanked for completing the questionnaire and received a validation code to receive their compensation.

Measures

Participants responded to questions about their self-concept and the brand personality dimension in the scenario using a 7-point Likert scale (1-not at all descriptive, 7-extremely descriptive). This created a continuum of whether their self-concept was congruent or not congruent with the brand personality presented in the scenario (Aaker 1997). Therefore, self-brand congruity was a measured variable similar to study one.

Pricing autonomy was manipulated using pricing mechanisms representing no control by the consumer (fixed pricing) and full control (elective pricing). Pricing autonomy was measured by a scale adapted from Hagger et al. (2007). This consisted of twelve-items measuring autonomy in the pricing mechanism using a 7-point Likert scale (1-strongly disagree, 7 strongly disagree).

Perceived product quality was measured using a 5-item, 7-point Likert scale (1-strongly disagree, 7-strongly agree), This scale was adapted from Pappu and Quester (2005). This was similar to how perceived product quality was measured in study one.

New to this study, self-construal was measured. In study one, it was a manipulated variable. Self-construal was measured using a 30-item, 7-point scale adapted from Singelis (1994) in this study.

Purchase intentions were measured as two dependent variables: purchase likelihood and perceived satisfaction. These consisted of 7-point Likert scales (1-strongly disagree, 7-strongly agree; 1-very low, 7-very high; and 1-extremely dissatisfied, 7-extremely satisfied) and were measured as continuous variables. Purchase likelihood was a 5-item measure adapted from Dodds, Monroe, and Grewel (1991) and perceived satisfaction was a four-item measure adapted from Grewel et al. (1998). Participants responded with how likely they would be to purchase the jersey and their perceived satisfaction level. These items were combined to form one latent variable, purchase intentions. After running a factor analysis with the nine-items, they all loaded onto one factor ($\lambda = 7.26$). This supports us combining the items as the two variables are not orthogonal. Instead they result in the latent variable, purchase intentions.

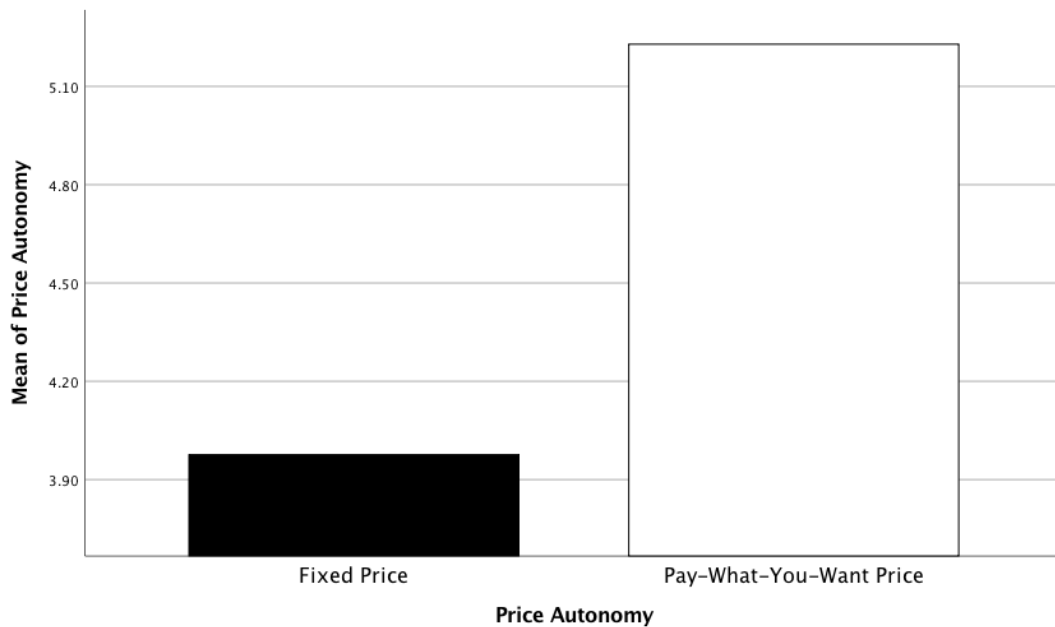
Similar to study one several demographic variables were collected and used as control variables for the analyses. This included age, education level, gender, income level, and marital status. Additionally, attention check questions were included in the survey. Participants missing any attention check were dropped from the sample.

Price Autonomy Manipulation Check Results

The 12-item measure had a Cronbach's Alpha of .94. Participants in the pay-what-you-want price condition had significantly higher levels of autonomy than those

in the fixed price condition ($M_{\text{Pay-What-You-Want Price}} = 5.23$ and $SD_{\text{Pay-What-You-Want Price}} = 0.96$, $M_{\text{Fixed Price}} = 3.98$ and $SD_{\text{Fixed Price}} = 1.24$, $F = 165.62$, $P < .01$), which can be viewed in Figure 19. These results support that the price autonomy manipulation was successful.

Figure 19 Successful Price Autonomy Manipulation



Brand Personality Manipulation Check Results

The 42-item measure had a Cronbach’s Alpha of .96. Cronbach’s Alpha was measured for each of the five factors (sincerity = .92, excitement = .89, competent = .87, sophisticated = .88, and ruggedness = .96). Participants in the sincerity condition rated the brand more descriptive for the sincerity dimension than the other four dimensions ($M_{\text{Sincerity}} = 3.47$ and $SD_{\text{Sincerity}} = 0.83$, $M_{\text{Excitement}} = 3.06$ and $SD_{\text{Excitement}} = 0.91$, $M_{\text{Competence}} = 2.98$ and $SD_{\text{Competence}} = 0.85$, $M_{\text{Sophisticated}} = 2.94$ and $SD_{\text{Sophisticated}} = 0.88$, $M_{\text{Ruggedness}} = 2.91$ and $SD_{\text{Ruggedness}} = 0.85$, $F = 7.10$, $p < .01$), which can be seen in Figure 20.

Participants in the excitement condition did not rate the brand more descriptive for the excitement dimension than the other four dimensions ($M_{\text{Sincerity}} = 3.09$ and $SD_{\text{Sincerity}} = 0.87$, $M_{\text{Excitement}} = 3.33$ and $SD_{\text{Excitement}} = 0.96$, $M_{\text{Competence}} = 2.89$ and $SD_{\text{Competence}} = 0.90$, $M_{\text{Sophisticated}} = 3.14$ and $SD_{\text{Sophisticated}} = 0.86$, $M_{\text{Ruggedness}} = 2.97$ and $SD_{\text{Ruggedness}} = 0.84$, $F = 7.10$, $p < .01$), which can be seen in Figure 21. This is evident from a post hoc Tukey test showing participants did not rate the brand significantly higher in excitement than sincerity ($p = 0.33$) or sophistication ($p = .54$). As a result, the manipulation check was unsuccessful and results in not using the excitement brand personality condition in our final dataset. Participants in the competence condition did not rate the brand more descriptive for the competence dimension than the other four dimensions ($M_{\text{Sincerity}} = 2.98$ and $SD_{\text{Sincerity}} = 0.84$, $M_{\text{Excitement}} = 2.94$ and $SD_{\text{Excitement}} = 0.88$, $M_{\text{Competence}} = 3.31$ and $SD_{\text{Competence}} = 0.79$, $M_{\text{Sophisticated}} = 3.13$ and $SD_{\text{Sophisticated}} = 0.82$, $M_{\text{Ruggedness}} = 2.92$ and $SD_{\text{Ruggedness}} = 0.83$, $F = 7.10$, $p < .01$), which can be seen in Figure 22. This is evident from a post hoc Tukey test showing participants did not rate the brand significantly higher in competence than sophistication ($p = .51$). As a result, the manipulation check was unsuccessful and results in not using the competence brand personality condition in our final dataset. Participants in the sophisticated condition rated the brand more descriptive for the sophisticated dimension than the other four dimensions ($M_{\text{Sincerity}} = 2.50$ and $SD_{\text{Sincerity}} = 0.80$, $M_{\text{Excitement}} = 2.48$ and $SD_{\text{Excitement}} = 0.89$, $M_{\text{Competence}} = 2.31$ and $SD_{\text{Competence}} = 0.94$, $M_{\text{Sophisticated}} = 3.49$ and $SD_{\text{Sophisticated}} = 0.90$, $M_{\text{Ruggedness}} = 2.15$ and $SD_{\text{Ruggedness}} = 0.84$, $F = 37.02$, $p < .01$), which can be seen in Figure 11. Participants in the ruggedness condition rated the brand more descriptive for the ruggedness

dimension than the other four dimensions. ($M_{\text{Sincerity}} = 2.73$ and $SD_{\text{Sincerity}} = 0.90$, $M_{\text{Excitement}} = 2.55$ and $SD_{\text{Excitement}} = 0.92$, $M_{\text{Competence}} = 3.14$ and $SD_{\text{Competence}} = 0.85$, $M_{\text{Sophisticated}} = 2.28$ and $SD_{\text{Sophisticated}} = 0.97$, $M_{\text{Ruggedness}} = 4.08$ and $SD_{\text{Ruggedness}} = 0.85$, $F = 63.81$, $p < .01$), which can be seen in Figure 23. These results support that the sincerity, sophisticated, and ruggedness brand personality manipulations were successful, while the excitement and competence manipulations were unsuccessful. This results in us aggregating the data only from the sincerity, sophisticated, and ruggedness conditions for our results.

Figure 20 Successful Sincerity Manipulation

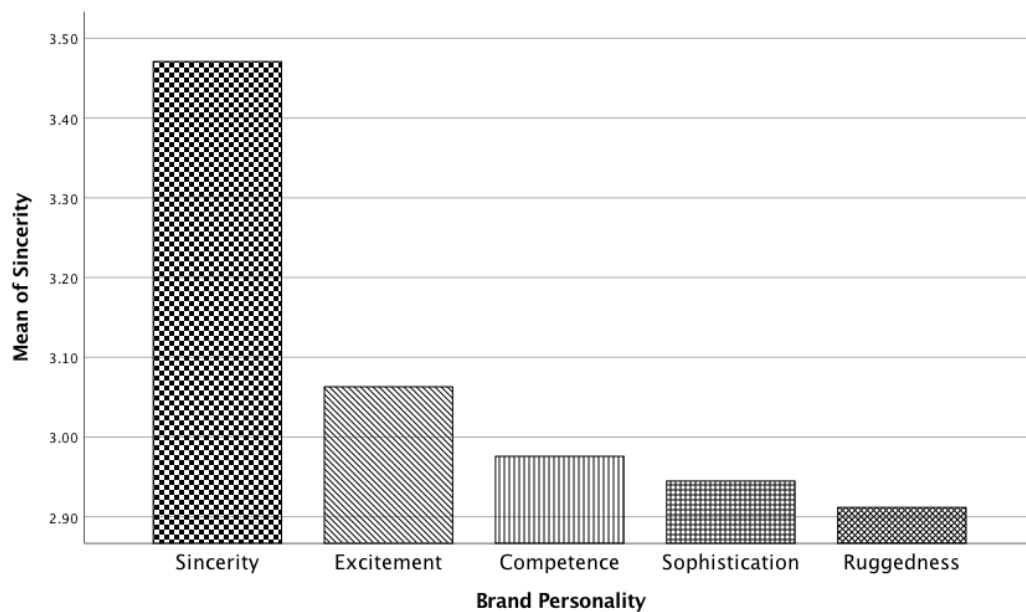


Figure 21 Unsuccessful Excitement Manipulation

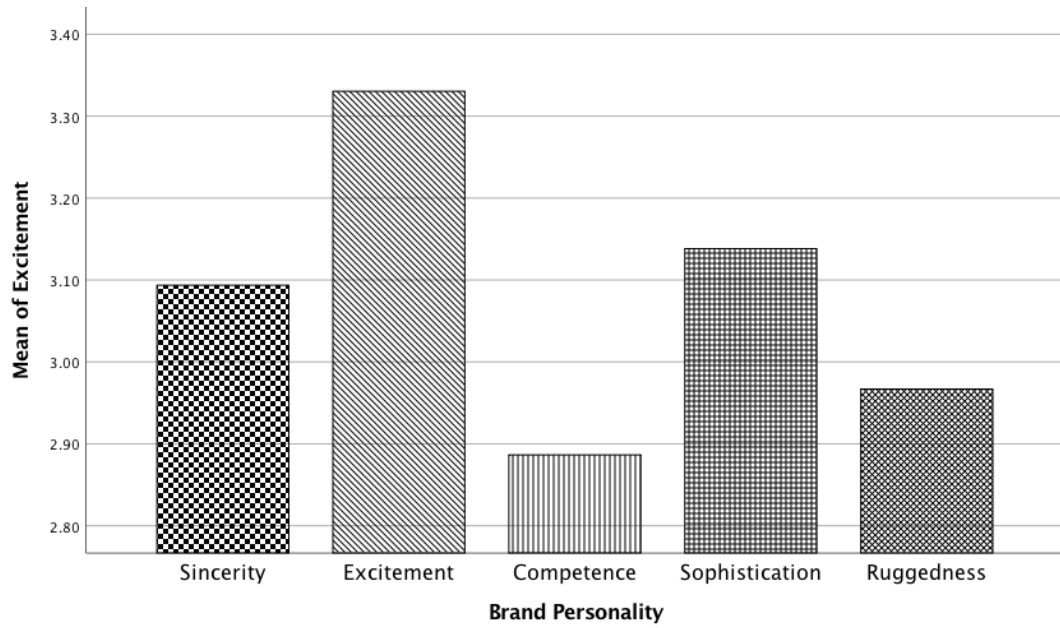


Figure 22 Unsuccessful Competence Manipulation

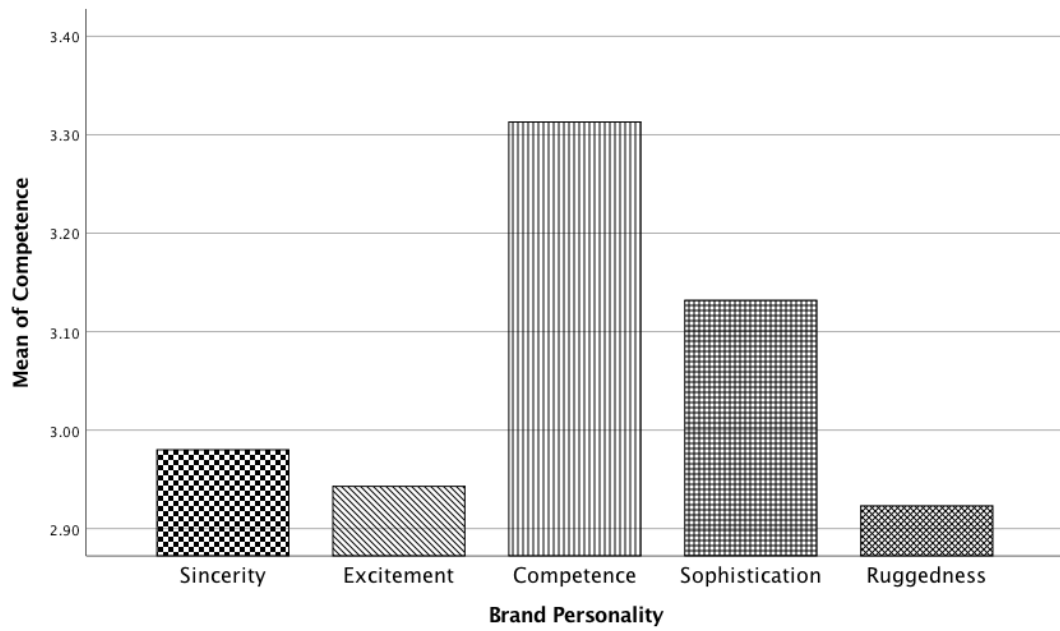


Figure 23 Successful Sophisticated Manipulation

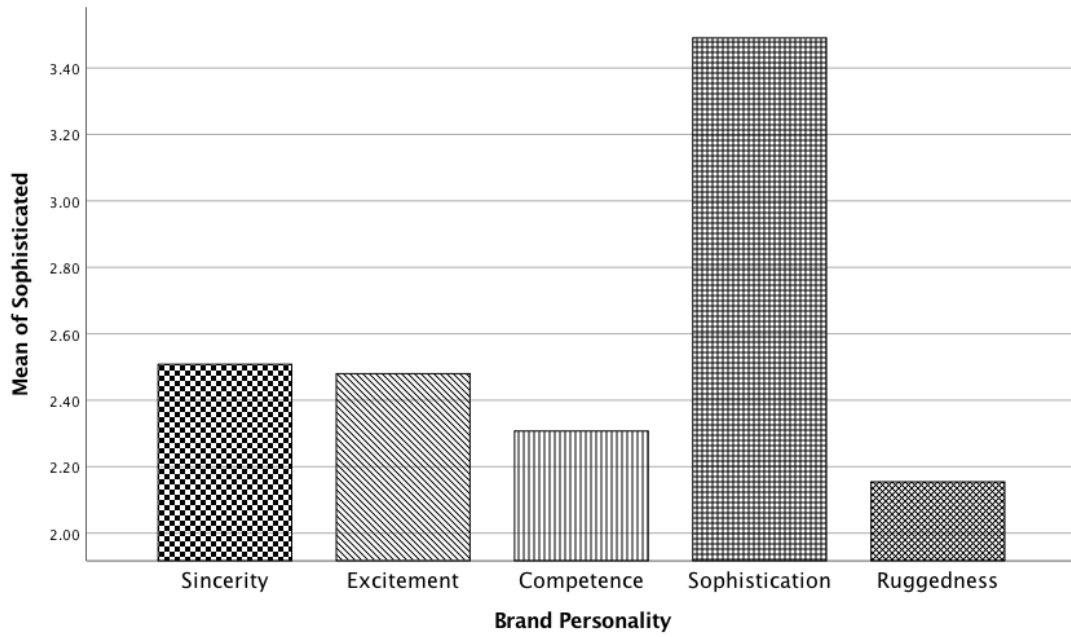
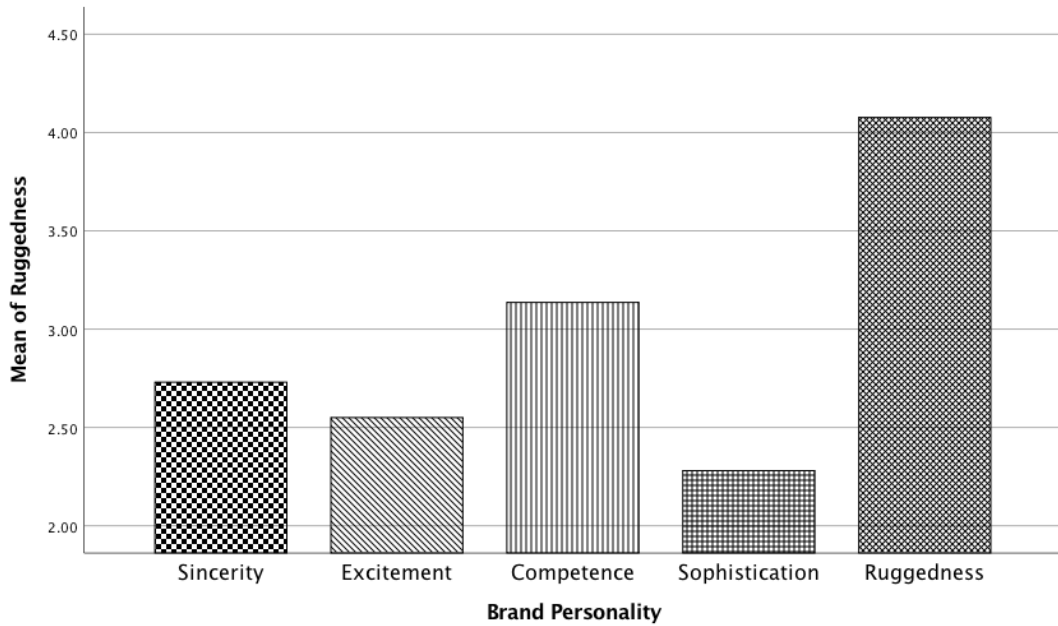


Figure 24 Successful Ruggedness Manipulation



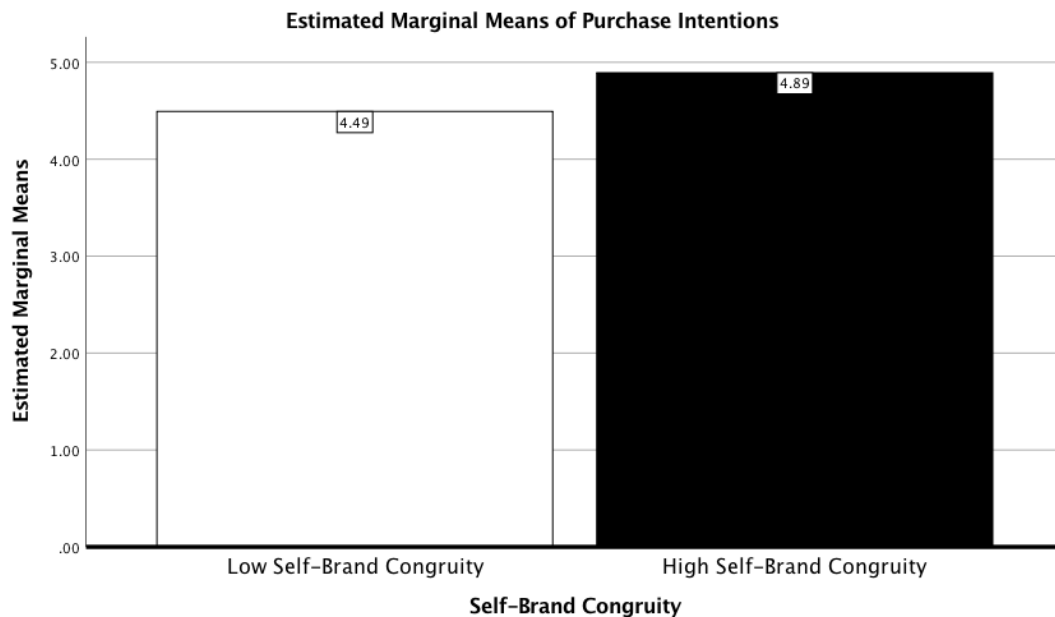
Purchase Intentions Results

When examining consumer purchase intentions, we aggregated the data across the three brand personality conditions (sincerity, sophisticated, and ruggedness) which

had successful manipulations. The excitement and competence conditions were not included since the manipulations were only marginally successful. Aggregating the three successful manipulation conditions increased the power and sample size of our study.

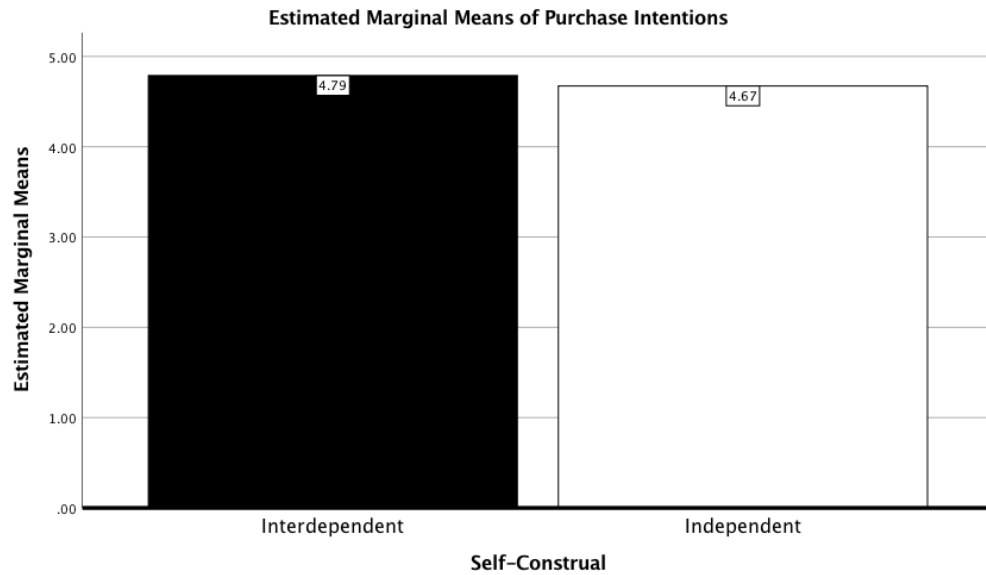
Similar to study one, we found a significant main effect for self-brand congruity ($F(1, 309) = 21.95, p < .01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 25. Together these results provide additional support for H1A and H1B.

Figure 25 Significant Main Effect for Self-Brand Congruity



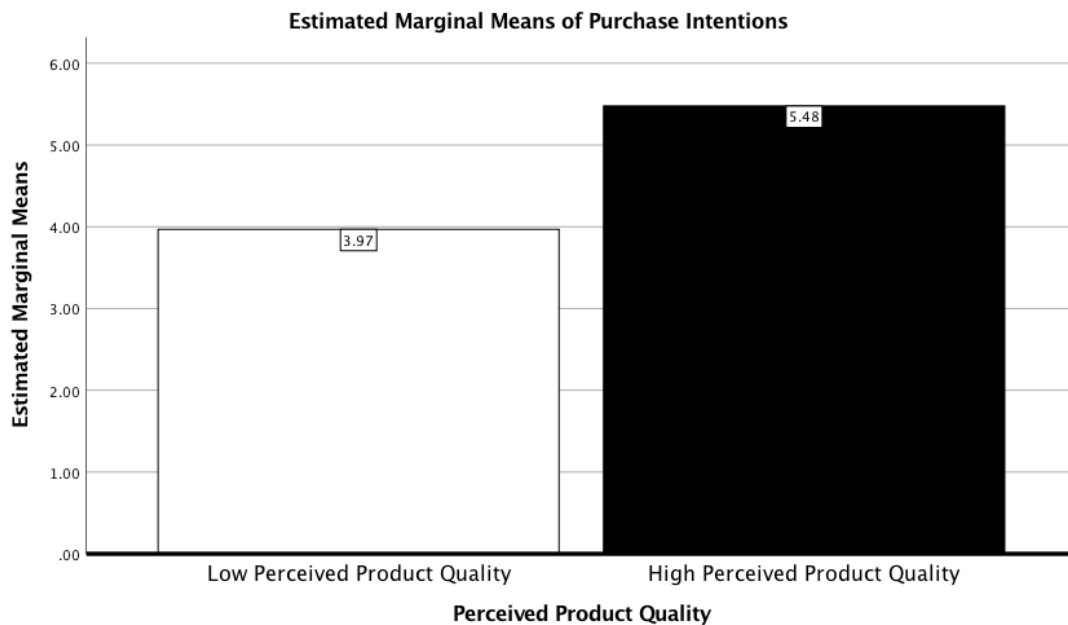
We only found a marginally significant main effect for self-brand congruity ($F(1, 309) = 3.02, p = .08$). These results were not successfully replicated using a median-split technique, which provided directional support, but not a statistically significant difference. These results can be seen visually in Figure 26. Together these results provide partial additional support for H2A and H2B.

Figure 26 Significant Main Effect for Self-Construal



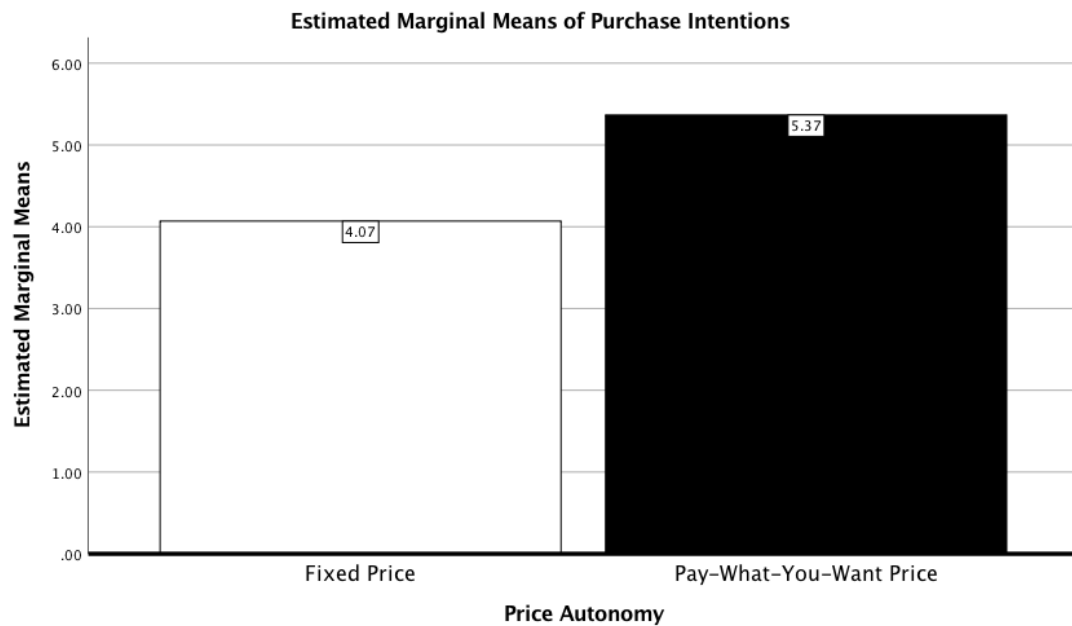
Similar to study one, we found a significant main effect for perceived product quality ($F(1, 309) = 145.81, p < .01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 27. Together these results provide additional support for H3A and H3B.

Figure 27 Significant Main Effect for Perceived Product Quality



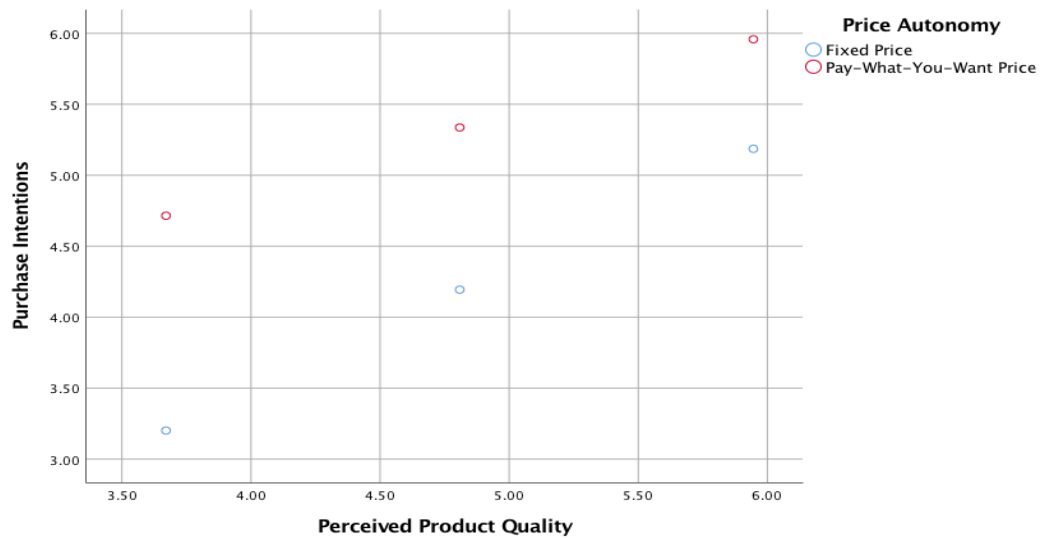
New to study two, we found a significant main effect for price autonomy ($F(1, 309) = 66.82, p < .01$). These results were successfully replicated using a median-split technique and can be seen visually in Figure 28. Together these results provide additional support for H4A and H4B.

Figure 28 Significant Main Effect for Price Autonomy



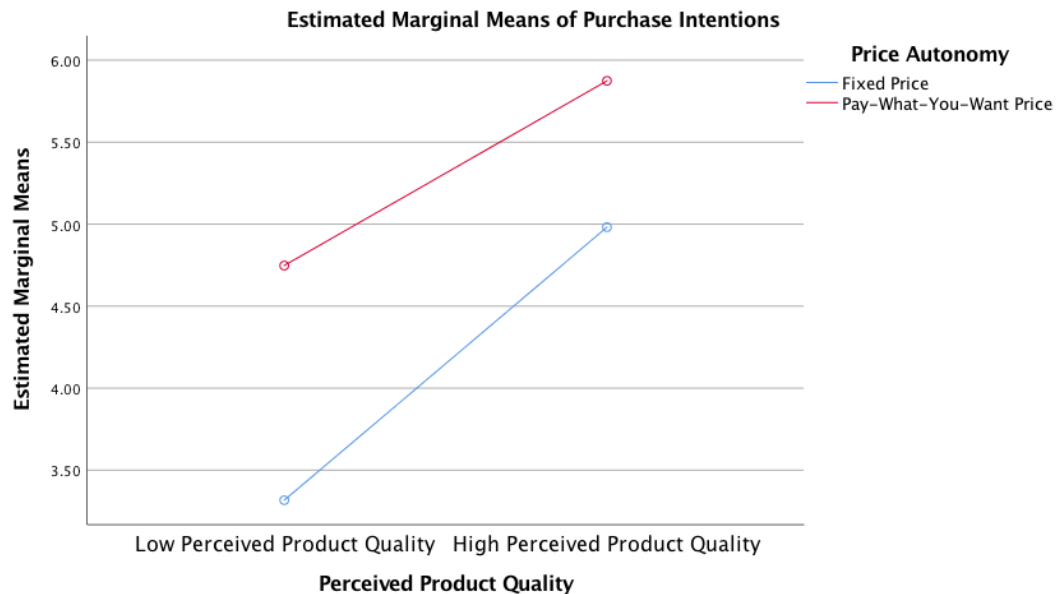
Using a spotlight analysis, we find a significant two-way interaction between price autonomy and product quality on consumer purchase intentions ($t = 3.01, p < .01$) supporting H5A and H5B. The Johnson-Neyman Technique found the interaction becomes significant as perceived product quality becomes less than 6.81. The significant interaction results can be seen in Figure 29. These results were replicated using a median-split technique ($F(1, 309) = 6.31, p = .01$) confirming the spotlight analysis results.

Figure 29 Significant Two-Way Interaction Between Price Autonomy and Perceived Quality on Purchase Intentions using a Spotlight Analysis



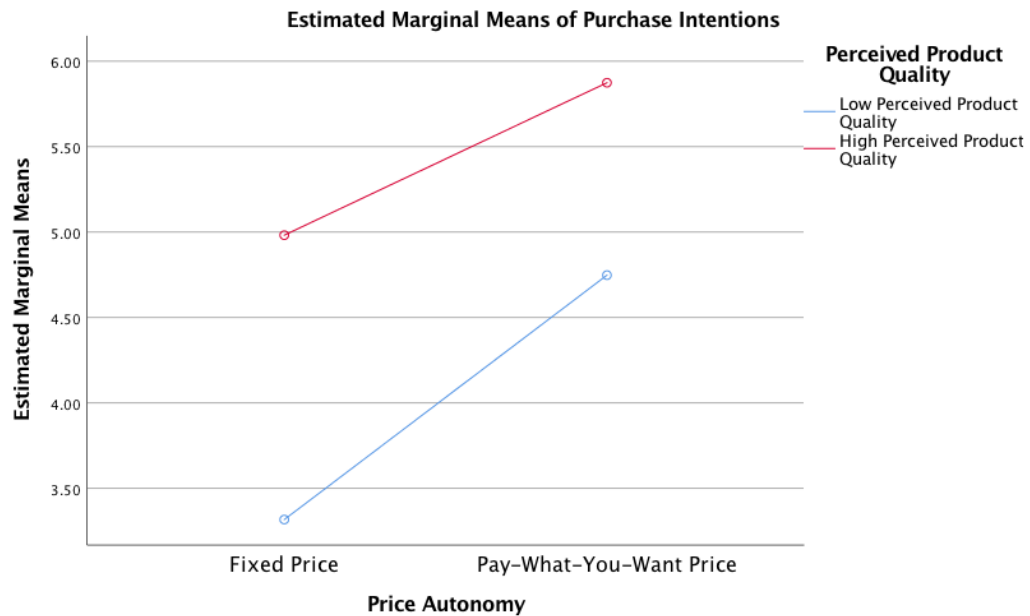
A simple slopes analysis was conducted across the varying levels of perceived product quality and price autonomy. When there was low perceived product quality there was a significant difference in purchase intentions ($t = 1.43, p < .01$). Consumers exposed to elective pricing ($M = 4.75$) have significantly higher purchase intentions than when exposed to fixed pricing ($M = 3.32$). When there was high perceived product quality there was a significant difference in purchase intentions ($t = 0.89, p < .01$). Consumers exposed to elective pricing ($M = 5.87$) have significantly higher purchase intentions than when exposed to fixed pricing ($M = 4.98$). These results can be seen visually in Figure 30.

Figure 30 Simple Slopes Across Different Levels of Perceived Product Quality



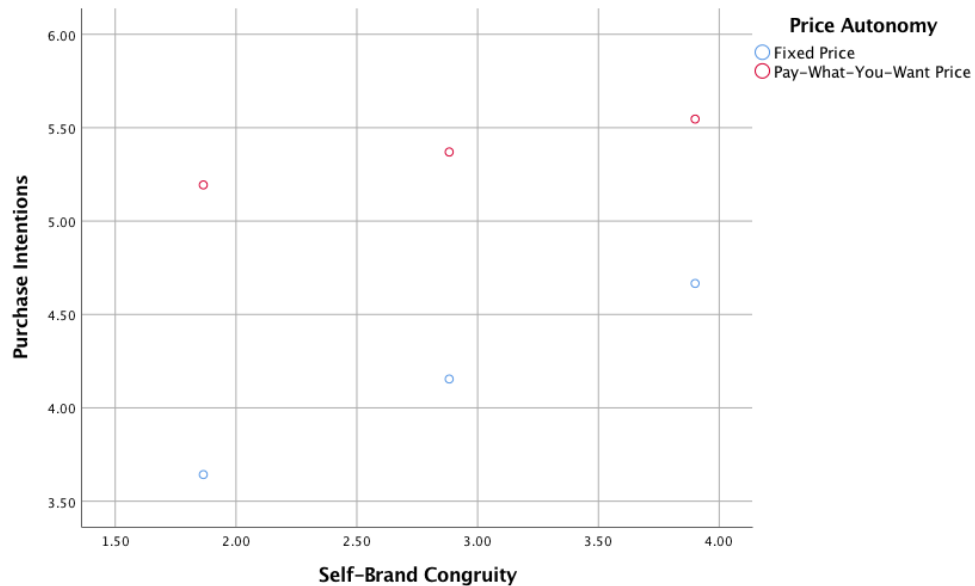
Next, simple slopes were analyzed across the fixed price and relative pricing conditions. When there was low price autonomy (a fixed price) there was a significant difference in purchase intentions ($t = 1.67, p < .01$). Consumers with higher perceived product quality ($M = 4.98$) have significantly higher purchase intentions than when they have lower perceived product quality ($M = 3.31$). When there was high price autonomy (an elective price) there was a significant difference in purchase intentions ($t = 1.13, p < .01$). Consumers with higher perceived product quality ($M = 5.87$) have significantly higher purchase intentions than when they have lower perceived product quality ($M = 4.75$). These results can be seen visually in Figure 31.

Figure 31 Simple Slopes Across Different Levels of Price Autonomy



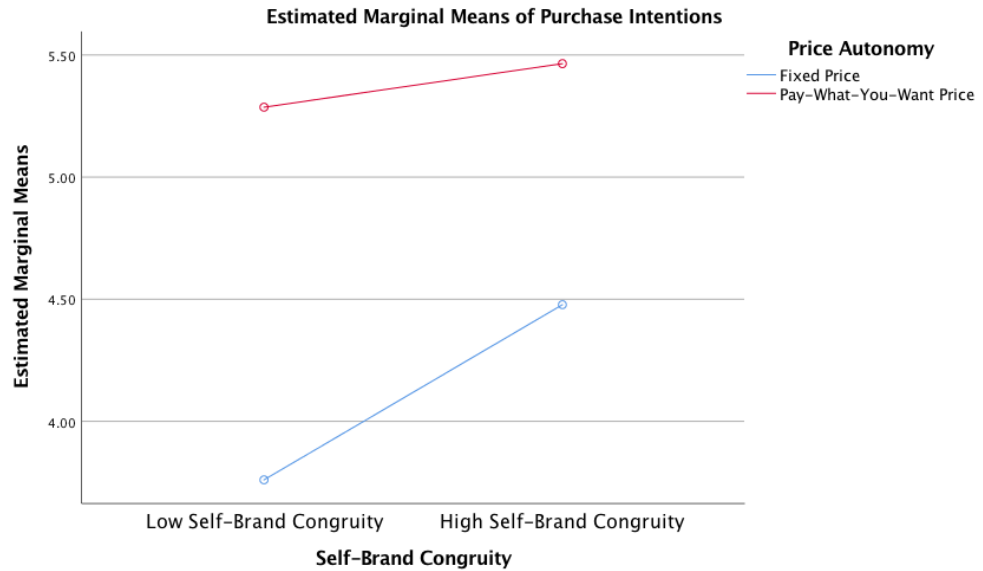
In addition to the hypothesized main effect and two-way interaction, we do find two additional significant higher order interactions. Using a spotlight analysis, we find a significant two-way interaction between price autonomy and self-brand congruity on consumer purchase intentions ($t = 2.25, p = .03$). The Johnson-Neyman Technique found the interaction becomes significant as self-brand congruity becomes less than 4.73. The significant interaction results can be seen in Figure 32. These results were replicated using a median-split technique ($F(1, 309) = 3.15, p = .08$) finding a marginally significant difference and providing partial support for the spotlight analysis results.

Figure 32 Significant Two-Way Interaction Between Price Autonomy and Self-Brand Congruity on Purchase Intentions using a Spotlight Analysis



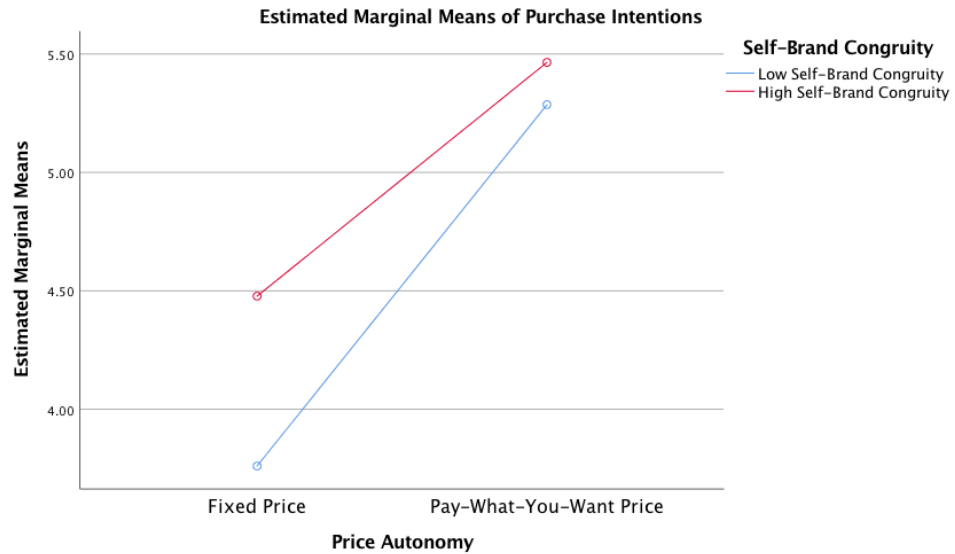
A simple slopes analysis was conducted across the varying levels of self-brand congruity and price autonomy. When there was low self-brand congruity there was a significant difference in purchase intentions ($t = 1.53, p < .01$). Consumers exposed to elective pricing ($M = 5.29$) have significantly higher purchase intentions than when exposed to fixed pricing ($M = 3.76$). When there was high self-brand congruity there was a significant difference in purchase intentions ($t = 0.99, p < .01$). Consumers exposed to elective pricing ($M = 5.47$) have significantly higher purchase intentions than when exposed to fixed pricing ($M = 4.48$). These results can be seen visually in Figure 33.

Figure 33 Simple Slopes Across Different Levels of Self-Brand Congruity



Next, simple slopes were analyzed across the fixed price and relative pricing conditions. When there was low price autonomy (a fixed price) there was a significant difference in purchase intentions ($t = .72, p < .01$). Consumers with higher self-brand congruity ($M = 4.48$) have significantly higher purchase intentions than when they have lower self-brand congruity ($M = 3.76$). When there was high price autonomy (an elective price) there was a no significant difference in purchase intentions ($t = .18, p = .41$). Consumers with higher self-brand congruity ($M = 5.47$) did not significantly differ in purchase intentions than consumers with lower self-brand congruity ($M = 5.29$). These results can be seen visually in Figure 34.

Figure 34 Simple Slopes Across Different Levels of Price Autonomy



Additionally, we find a significant three-way interaction between price autonomy, self-brand congruity, and self-construal using a spotlight analysis ($t = 2.81$, $SE = 0.01$, $p = .01$). Using the Johnson-Neyman technique, the interaction becomes significant as self-construal becomes greater than 8.31. The interaction result also becomes significant as self-brand congruity becomes less than 2.39. This result can be seen visually in Figure 35. These results are successfully replicated using a median-split technique ($F(1, 309) = 9.05$, $p < .01$) and can be viewed in Figure 36.

Figure 35 Significant Three-Way Interaction with Price Autonomy, Self-Brand Congruity, and Self-Construal on Purchase Intentions using a Spotlight Analysis

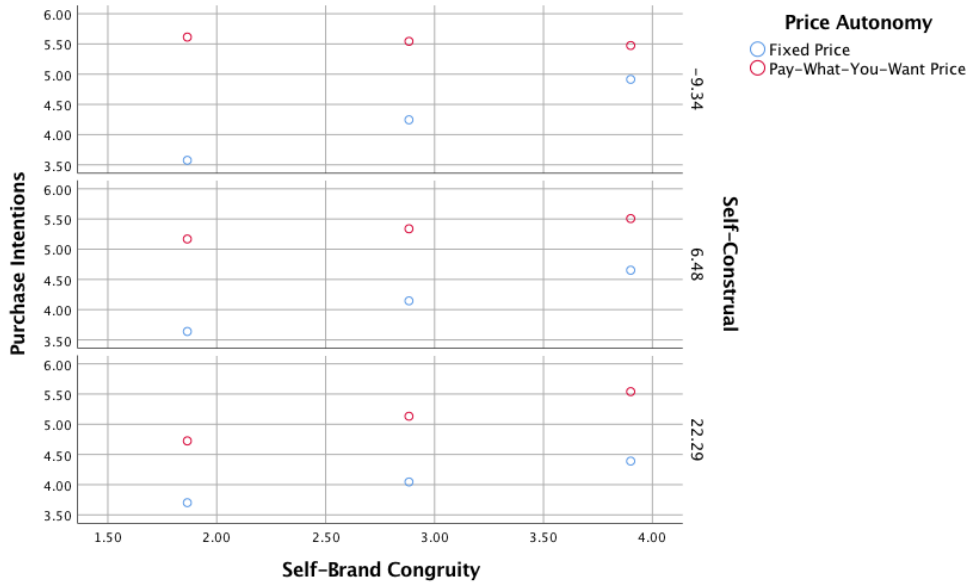
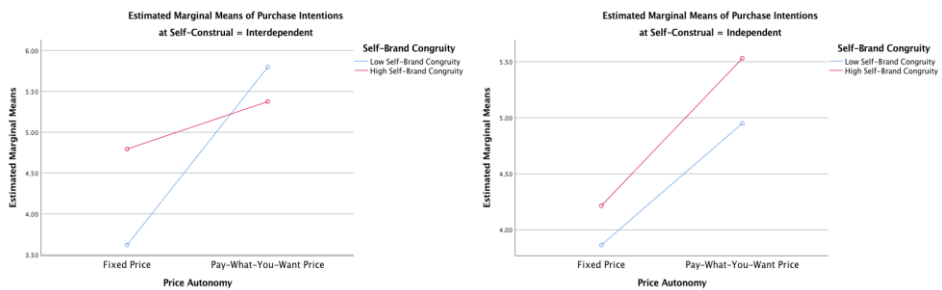


Figure 36 Significant Three-Way Interaction with Price Autonomy, Self-Brand Congruity, and Self-Construal on Purchase Intentions using a Median-Split Technique



The results examining consumer purchase intentions provide addition support for the findings from study one. Specifically, we provide support H1A and H1B that when self-brand congruity is high in an elective pricing context, consumers will have higher purchase intentions and when self-brand congruity is low consumers will have

lower purchase intentions. We provide partial support in study two for H2A and H2B that interdependent consumers have significantly higher purchase intentions than independent consumers. The results from study one were successfully replicated supporting H3A and H3B that product quality is associated with consumer purchase intentions. These findings support when consumers higher perceived quality is associated with higher consumer purchase intentions and lower perceived quality is associated with lower consumer purchase intentions. New to this study, we find support for H4A and H4B. When consumers are exposed to pricing mechanisms with high levels of autonomy (pay-what-you-want price), they have higher purchase intentions, but when exposed to low autonomy pricing mechanisms (fixed price), consumers have lower purchase intentions. Lastly, we provide support for H5A, H5B, predicting a higher-order interaction effect between autonomy of the pricing mechanism and perceived product quality. These findings provide us further insights into specific contexts certain consumers will have higher purchase intentions in the context of elective pricing.

Discussion

Study two successfully replicates the findings from study one to an extended category. In these two studies, we examined consumer purchase intentions in the sport industry with tickets to a game and a team jersey. We use multiple-item measures for purchase intentions to increase the reliability and validity of the results produced. Study two replicates findings from study one providing support or partial support that self-brand congruity, self-construal, and perceived product quality significantly influence consumer purchase intentions. In study two, we also find price autonomy is

associated with consumer purchase intentions. This shows how elective pricing may be more beneficial than fixed pricing for firms to implement. We also find significant higher-order interactions providing consumer behavior insights into purchase intentions for elective pricing situations. Specifically, we find a significant two-way interaction effect for autonomy of the pricing mechanism and perceived product quality as hypothesized.

In addition to the hypothesized interaction effect, we find two other higher-order interactions. First, we find a non-hypothesized significant two-way interaction effect between autonomy of the pricing mechanism and self-brand congruity. Some previous literature may provide support for us finding this significant interaction effect.

According to congruity theory, consumers value information congruent with their schema (Ko, Seo, & Jung, 2015; Osgood & Tannenbaum, 1955). Self-congruity consists of a consumer comparing their perceived self-image with the image of another entity (Sirgy 1982). Therefore, self-brand congruity occurs when the consumer evaluates their self-image with the self-image of a brand. This can result in a match or mismatch between the brand image and the self-image.

The literature has shown self-brand congruity is associated with many consumer behaviors. This includes positively impacting brand preference and purchase intention, supporting positive behaviors and attitudes toward brands, and positively influencing product evaluations and satisfaction (Jamal & Al-Marri 2007; Graeff 1996; Sirgy et al. 1997). This is similar to how we are investigating if

consumers perceive a match or mismatch between their personality and the brand interacting with the different pricing strategies differing in consumer autonomy.

Bhattacharya and Sen (2003) suggest the higher the level of consumer-company identification, the more autonomy and power the consumer has in the relationship. Therefore, there may be some association between consumer self-brand congruity and the level of consumer autonomy in the pricing strategy of the firm. Previous research has also found a significant interaction effect with construal and different pricing strategies in the context of hotels. Specifically, hotel price categories moderated the effect of congruity on consumer hotel brand attitudes (Su 2015). This may be similar to our finding in that when self-brand congruity is high, consumers had significantly higher purchase intentions when they have more control in the pricing mechanisms. When consumers perceive their personality to mismatch with the brand, consumers did not differ on purchase intentions no matter how much autonomy they were given to set the price of the product. This may result because the consumer seems dissimilar from the brand and does not value of the autonomy they offer in co-creating the product.

Lastly, we find a significant, non-hypothesized, three-way interaction effect. This occurs between self-brand congruity, autonomy of the pricing mechanism, and self-construal. Some previous research may support our significant, higher order interaction effect between these variables.

The previous literature has found some relationships between self-brand congruity, pricing, and self-construal. Both independent and interdependent consumers use brands to express themselves (Aaker & Schmitt 1997). Independent consumers

have been found to be more likely to tolerate incongruity than interdependent consumers. These independent consumers have been found to be more likely to respond to the incongruity (Aaker & Sengupta 2000; Ahluwalia 2008).

With gender theory suggesting men are more interdependent and women are more interdependent (Baumeister & Sommer 1997; Melnyk, Van Osselaer, & Bijmolt 2009), previous research has found gender to moderate self-brand congruity and both consumer affective and cognitive responses. This interaction effect had a stronger effect for women (more interdependent consumers) than men (more independent consumers) (Rocereto & Mosca 2012).

Additionally, we find some consumers may choose higher-priced, luxury products to differentiate themselves from other consumers (Roy & Rabbanee 2015). These high-priced, luxury products can be used by consumers to symbolize success and are at higher, differentiated price points compared to average quality products in the same category (Richins & Fournier 1991). Some consumers may have the opportunity to pay for products at this price point, but other consumers may have no opportunity to purchase these brands resulting in them feeling no control in the relationship. These higher price points and appeals used by these brands may result in consumers who can afford them to feel superior, since only a select group of consumers can afford these products at this price point (Garfein 1989). Therefore, some consumers may be motivated to pay a premium price for these higher-priced, premium products to signal their social status to others (Han, Nunes, & Drèze 2010). These consumers who prefer luxury or high quality product may perceive there is more of a match between them and these brands (Roy & Rabbanee 2015).

Since interdependent consumers do not attempt to resolve incongruity (Aaker & Sengupta 2000; Ahluwalia 2008), we might expect when these consumers believe there is a mismatch between the brand and their personality they will have higher purchase intentions when exposed to elective pricing rather than fixed pricing. This autonomy will provide them with the ability to try or sample this brand that might not match with their personality. When these interdependent consumers perceive a match between the brand and their personalities, a reversal effect will occur and they will prefer the fixed price over the elective price. Since they perceive a personality match they would need less control at setting the price since they perceive less differences in the relationship. Independent consumers perceiving a match or mismatch between their personality and the brand personalities to not differ in purchase intentions when exposed to fixed pricing or elective pricing.

Limitations, and Ideas for Future Research

Firms utilizing an elective pricing mechanism face the risk of consumers choosing prices for products at points which do not cover operating costs. This can ultimately drive the firm out of business and is a large risk facing marketing managers considering this strategy. Our research findings give marketing managers alternatives which can mitigate risk by increasing consumer purchase intentions and payment amounts in an elective pricing context.

The results of these studies extend the marketing literature by suggesting in an experimental context that self-brand congruity, self-construal, perceived product quality, and price autonomy are positively associated with consumer purchase intentions. In both studies, consumers had higher purchase intentions when brands

were congruent with their personality, consumers were more interdependent, product quality was perceived as high, and they had control in the pricing mechanism.

Marketing managers should consider giving consumers more control in setting the price and align branding strategies with the self-images of different consumers in hopes of increasing purchase intentions and payment amounts, specifically when the product is perceived to be higher in quality. Additionally, interdependent consumers could be targeted in advertisement offerings since they have higher purchase intentions in this context. With previous research finding gender differences associated with self-construal and consumer behaviors, further research could investigate the role of gender and individual difference variables like self-construal interact with forming attitudes, behaviors, and purchasing in an elective pricing context.

These findings could result in future research on the topic of elective pricing. First, researchers could compare pricing mechanisms offering varying forms of autonomy to consumers such as auctions and name-your-own-price mechanisms. Additional investigation could be done where consumers control some aspects of the price, such as tipping and surcharges.

Future research could identify underlying mechanisms driving these results. This could include concepts such as fairness, reciprocity, skepticism, and trust. This would allow researchers to give managers specific strategies to utilize in the field with success in an elective pricing context. Researchers could also examine additional consumer individual difference variables to determine their role in the relationship between branding strategies and consumer purchase intentions in an elective pricing context.

One final limitation of the study was that both samples of participants were recruited through Amazon Mechanical Turk. Although numerous academic fields have found this to be an acceptable sampling method (Casler, Bickel, & Hackett 2013), some are concerned with this sample may not be representative of the population (Berinsky, Huber, & Lenz 2012; Rand 2012). Therefore, future studies could replicate findings using other samples such as students or panels.

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Autonomy with Surcharges

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Abstract

This research examines how consumer purchase intentions are influenced by surcharges that are optional upgrades or mandatory components of partitioned prices. We find evidence that consumers derive value from optionality in surcharges which is evident from higher purchase intentions. This is more prevalent among more reactant consumers. We find a significant two-way interaction between surcharge optionality and offer exclusivity. When exposed to mandatory surcharges, consumers had significantly higher purchase likelihood when the offers were presented as inclusive rather than exclusive. There was no significant difference in consumer purchase likelihood between consumers receiving inclusive and exclusive offerings for an optional surcharge. These insights suggest communication strategies and consumers to target when offering optional surcharges as a pricing mechanism.

Introduction

A pricing strategy commonly employed in many industries is to partition a price into a base component and one or more additional fees known as surcharges (Greenleaf, Johnson, Morwitz, and Shalev 2016). Surcharges appear in a variety of forms. Some restaurants are adding labor surcharges of 3-4% in addition to consumers giving staff members tips (Purdy 2017). Taxis, airlines, delivery services, moving companies, and food delivery have been adding fuel surcharges to their products (Tuttle and Davidson 2015). In 2015, the fees and surcharges alone collected by hotels in the United States was a record \$2.45 billion and were projected to grow to \$2.55 billion in 2016 (Lodging Magazine 2016). Previous research suggests, consumers are

often willing to pay more when the price of a product is partitioned into a base cost and surcharge (Morwitz, Greenleaf, and Johnson 1998).

This paper seeks to understand differences in consumer price perceptions and willingness to purchase products involving optional and mandatory surcharges. An optional surcharge can be considered an offer to upgrade a service for a price, which the consumer can reject. Mandatory surcharges are partitioned prices the consumer is required to pay as part of the total cost. We answered a call by Kim and Kachersky (2006) for further research on the perceptions of multi-dimensional pricing. More recently, Greenleaf, Johnson, Morwitz, and Shalev (2016) highlight the need for research on different types of surcharges, attitudes towards prices containing free surcharges, and changes in surcharge practices. From a practitioner perspective, understanding the value of choosing an optional surcharge can help provide insights about optimal pricing. Previous research has examined multi-dimensional pricing (Estelami 2003a; 2003b; Kim and Kachersky 2006) and partitioned pricing (Morwitz, Greenleaf, and Johnson 1998). Relationships between partitioned pricing, consumer price perceptions, and purchase intentions have been examined across a variety of contexts (Burman and Biswas 2007; Grewal, Monroe, and Krishnan 1998; Krishna, Briesch, Lehmann, and Yuan 2002).

This research furthers our understandings of how price frames impact an understudied area of partitioned pricing in new consumption contexts where consumers have some autonomy in setting the price of the product. Specifically, we build on the elective pricing literature, where consumers have full control of setting the price of products. Instead of consumers having full control of the total price of the

product, they control whether or not the surcharge is concluded resulting in the consumer having some price control. This autonomy in the pricing mechanism is preferred by consumers which is evident from positive word-of-mouth and free publicity spread by consumers and news outlets (Chesbrough 2010; Kim, Natter, & Spann 2009). Previous research has examined how name-you-own price, which gives consumers some control in setting the price of the product, and elective pricing result in different success for businesses (Krämer et al. 2017). Researchers have yet to investigate the implications for autonomy in surcharges. We fill this gap by examining mandatory and optional surcharges across two studies to better understand consumer purchase intentions when given autonomy with surcharges.

In this paper, we propose and find that consumers prefer having a choice in selecting their surcharges. We also find that highly reactant people, who more highly value their autonomy, particularly prioritize optionality in surcharge pricing. We build on past research examining autonomy in a consumption context (Siipi and Uusitalo 2008) and extend to surcharge pricing suggesting consumers would prefer to have some influence in determining their surcharges.

In two studies, we examine how consumers respond to optional and mandatory surcharges. In the first study involving a car rental scenario, we find consumers prefer to have an option between two inferior alternatives to a dominating product involving mandatory surcharges. We find highly reactance consumers value optionality more than consumers with low levels of reactance. In the second study, we examine consumer purchase likelihood in an alternative product category, cable packages. Specifically, we examine how surcharge optionality and offer exclusivity interact with

purchase likelihood. In this setting, we find differences in offer exclusivity when exposed to mandatory surcharges results in significantly different consumer purchase likelihood. We discuss managerial implications around utilizing optional surcharges as an effective pricing strategy which can be quickly implemented by firms and conclude with study limitations as well as directions for future research.

CONCEPTUAL FRAMEWORK

Partitioned pricing consists of firms dividing the price of a product into two or more mandatory components, with the price being shown for each listed item (Morwitz, Greenleaf, and Johnson 1998). Previous research suggests price partitioning, which includes mandatory surcharges, can be a successful pricing mechanism (Hamilton and Srivastava 2008). This pricing strategy has been shown to increase demand with consumers underestimating the total costs of products (Morwitz, Greenleaf, and Johnson 1998) and result in consumers perceiving price as an indicator of quality and measure of sacrifice (Völckner, Rühle, and Spann 2012). Additional benefits of the pricing mechanism include increasing purchase intentions for high-tier brands in the context of product bundles (Love 2012) and when partitioning items into larger components this positively impacts fairness and purchase intentions (Carlson and Weathers 2008). In practice, many retailers utilize partitioned pricing. An example of retailers using this strategy is when they charge higher shipping costs to exploit consumers' perceptions of partitioned prices (Frischmann, Hinz, and Skiera 2012).

Although some research has found partitioned pricing to be a successful strategy for firms to implement, other research has found it to have negative consequences for consumer purchase intentions. This has been found several contexts

including when consumers experience high levels of need for cognition and face high surcharge prices (Burman and Biswas 2007), the reputation of the firm is poor (Cheema 2008;), low-tier brands offer product bundles (Love 2012), and when less trustworthy brands partition prices into smaller components (Carlson and Weathers 2008). With these mixed results in the literature there is a need to further investigate instances where partitioning prices can be an effective pricing mechanism.

In addition to partitioned pricing requiring consumers to pay for surcharges, consumers may desire some control in choosing surcharges. Unlike mandatory surcharges in partitioned pricing, optional surcharges can be viewed by consumers as a form of upgrade where they have control of opting-in or opting-out. Upgrades are common in many consumer purchasing contexts and in some instances, can be used when purchasing products at a special rate (Bala and Carr 2009; Palmeira and Srivastava 2013). These can sometimes be supplementary goods (Guiltinan 1987) and include new capabilities the original product did not possess (Markman and Medin 1995). Alternatively, upgrades can extend value on the current features of the original product where add-ons aligned with the original product shifting consumer's reference level of the features they modify. Add-ons not aligned to the original product result in consumers reassessing the value of the original product (Bertini, Ofek, and Ariely 2009).

Previous research suggests offering upgrades can be a successful strategy (Damodaran and Wilhelm 2004; Damodaran and Wilhelm 2005; Wilhelm and Xu 2002). In addition to upgrades being a viable strategy, optional pricing strategies like elective pricing or pay-what-you-want pricing have recently gained research attention

(Kim, Natter, and Spann 2009; 2014; Riener and Traxler 2012). Previous research has shown consumers often freely pay nonzero amounts, even when given the opportunity to pay nothing (Atlas 2015; Gneezy et al. 2010; Jung et al. 2014). With optional surcharges and elective pricing being a viable alternative, firms need to understand how consumers value autonomy and choice.

A distinctive feature of upgrades in comparison to partitioned pricing is that they give consumers some autonomy or freedom to choose. Autonomy consists of individuals feeling free to make their own choices and initiating their own actions (Deci and Ryan 1985a; 2000). It is a basic psychological need for self-governance, where individuals feel autonomous when they experience personal endorsement of their actions (Deci and Ryan 2000; Ryan and Deci 2006).

Autonomy of choice can be experienced in many consumption contexts and consists of an individual's self-determination regarding their choices, which are made by themselves (Siipi and Uusitalo 2008). For an individual's choice to be autonomous, the individual must be competent, have authentic desires and beliefs, and lastly have the power to implement those desires and beliefs (Beauchamp 2005). The behaviors of others can impact an individual's autonomy of choice (Siipi and Uusitalo 2008). Self-determination theory suggests there is a relationship between intrinsically motivated behaviors and autonomy (Deci and Ryan 1985b) and that an individual's subjective experience and interpretation of stimuli determines their behavior (Ryan and Deci 2008). In a consumption setting, these behaviors could be observed by the choices consumers make.

To understand how consumers respond to freedom of choice, we examine the history choice theory and how it pertains to consumers exposed to optional surcharges. Choice theory suggests consumers are self-interested (Friedman 1953) by making choices which satisfy a set of desired outcomes (Doorn 2013). Consumers would prefer to have autonomy to choose, which allows them to make a selection best fitting their individual desires and goals.

Although giving consumers autonomy to choose can be beneficial, there can be a point where too many choices become overwhelming for consumers. Additionally, on the other end of the spectrum organizations not having enough choices for consumers can be a problem. A lack of choice results in lower motivation levels, a threat to freedom, and decreased feelings of control for consumers (Deci 1980; Deci and Ryan 1985a). On the other hand, too many choices for consumers can result in stress, discomfort, and deferred decisions (Cristol and Sealey 1996; Dhar 1997; Iyengar and Lepper 2000). Schwartz (2004) found consumers were less satisfied after choosing among many alternatives than after choosing among a more limited number of alternatives. Therefore, firms need to be concerned they are not offering too many options for consumers as they may have adverse consequences. In the context of surcharges this could occur with multiple surcharges being listed on an itemized receipt where the consumer has the option to opt-in or opt-out of several alternatives.

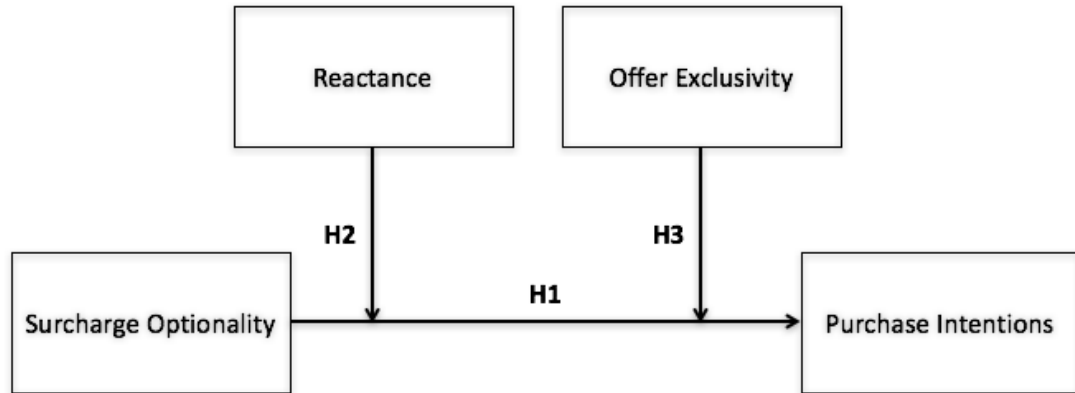
Firms giving choices to consumers can also have positive consequences. This includes choice being viewed as empowering by consumers (Schwartz 2004; Wathieu et al. 2002). Positive consequences of choice have even been found in contexts where the choice itself is trivial (Cordova and Lepper 1996; Dember, Galinsky, and Warm

1992; Swann and Pittman 1977). Several consumer behaviors could be examined to see the positive benefits of providing consumers some choice in setting the price of a product.

Purchase likelihood is important variables to measure in the context of consumer behavior to determine future purchase intentions. Firms implementing optional surcharges could result in positive benefits to organizations, as long as there are not too many options, which could overwhelm the consumer. Therefore, we hypothesize optional surcharges will result in significantly higher purchase intentions than mandatory surcharges. A map of hypotheses can be seen in Figure 37.

H1: Optional surcharges will result in significantly higher purchase intentions than mandatory surcharges.

Figure 37 Proposed Hypotheses



With marketers being interested in consumer behavior, individual differences are examined to see how they impact research findings and proposed relationships. Many individual difference variables have been examined by marketers (Childers, Houston, and Heckler 1985; Kohli 1989; Moore and Lehmann 1980). One individual difference variable of interest in the marketing literature is reactance, which is a state is brought about as a result of an individual's freedom being eliminated or threatened and then attempting to restore the loss of freedom they have experienced (Brehm 1966; Brehm and Brehm 1981).

We are interested in seeing which consumers are more predisposed to preferring optional, rather than mandatory surcharges. One place to examine this individual difference is in reactant consumers. We are specifically interested in studying reactant consumers as they can sometimes make unique choices when their freedom is restricted by retaliating against the individual or entity restricting their freedom.

Reactance originates from the psychology literature. It has been previously examined as an individual difference variable in consumption contexts (Dowd, Milne,

and Wise 1991; Hong and Page 1989; Merz 1983). We further our understanding of this individual difference variable in the context of mandatory and optional surcharges.

Psychological reactance theory states consumers assume a sense of freedom over their behaviors. Consumers then treat any threats to their freedom with reactance, which is a motivational state. As a result, consumers in this state can display avoidance behaviors (Tang, Zhang, and Wu 2015).

Reactance is a mindset consumers can face during their daily lives whenever their freedom is threatened. This can be the case in marketing when consumers interact with firms. Tang, Zhang, and Wu (2015) studied reactance in the context of online advertisements finding these advertisements interfered with consumers planned activities restricting their freedom. In addition to advertisement messages (Quick and Stephenson 2008), consumer freedom has also been found to be restricted when faced with unavailable products and government regulations limiting consumer choice (Clee and Wicklund 1980). Reactance has also been examined in the context of the consumer decision making process with a variety of other constructs. This includes certainty theory (Brounstein, Ostrove, and Mills 1979, Mills 1968), importance of freedom (Wicklund 1970), and magnitude of threats (Hannah, Hannah, and Wattie 1975; Linder, Wortman, and Brehm 1971).

In addition to these contexts, consumers may experience a state of reactance in other consumption activities. This includes when a consumer feels limited in products or brands available to them, when they can receive their product, how they can communicate with the firm, or the pricing of a product. Consumers have been found to

have an increased level of reactance when receiving unsolicited advice from others (Fitzsimmons and Lehman 2004). The number of product alternatives available to consumers and potential of bystanders wanting an alternative can result in reactance behaviors by consumers (Wicklund, Slattum, and Solomon 1970). In the case of products being stocked out, when consumers had a personal commitment to the product they responded negatively to the product not being available (Fitzsimmons 2000).

Our studies extend previous research investigating consumer reactance as an individual difference variable and the implications for this mental state on consumer purchase intentions in the context of optional surcharges and partitioned pricing. Based on these previous findings when examining reactance, we suggest reactance will moderate this relationship between optionality and purchase intentions.

H2A: Consumers with high reactance levels exposed to optional surcharges results in higher purchase intentions than when exposed to mandatory surcharges.

H2B: Consumers with low reactance levels results in no significant difference in purchase intentions when exposed to optional surcharges or mandatory surcharges.

One context which warrants attention is how exclusivity of the optional surcharge offers could be associated with consumers' desire for the pricing mechanism. This is possible by the marketing manager manipulating targeted promotions to be described as exclusive and available only to a limited number of

consumers or inclusive and available to everyone. These communication efforts can be coordinated so they have positive implications for the firm.

Targeted, exclusive deals can be considered more efficient than discounts offered to all consumer because they can avoid unnecessary discounts to consumers insensitive to price (Acquisti and Varian 2005). Some previous research has questioned the effectiveness of using targeted offers (Homburg, Droll, and Totzek 2008) and customized price promotions (Acquisti and Varian 2005; Feinberg, Krishna, and Zhang 2002). With our interest in understanding when to offer optional surcharges to consumers, exclusivity is an area warranting further investigation. Therefore, we attempt to contribute to the literature by highlighting an instance where a desired pricing mechanism should be offered to certain consumers.

Customized price promotions have been utilized to create a better fit with consumers in hopes of rewarding loyal customers and earning additional sales (Simonson 2005). Previous research has observed a betrayal effect when targeted deals are offered only to other consumers (Feinberg, Krishna, and Zhang 2002). This betrayal effect highlights a potential drawback to firms utilizing exclusive offers.

Equity theory suggests consumers consider outcomes they receive as well as other consumers receive (Adams 1965; Bolton and Ockenfels 2000; Greenberg 1987). An exclusive deal could create perceived inequity in the relationship with the consumer and firm as well others receiving the offer (Greenberg 1987; Loewenstein, Thompson, and Bazerman 1989). This would result in less favorable evaluations or decreased purchase intentions, when the consumer is not offered the promotion. If consumers were offered the exclusive promotion a positive relationship has been

found to exist between the exclusivity of the offer and their evaluation (Barone and Roy 2010). This exclusive offer should result in consumers experiencing positive promotions and favorable evaluations (Schindler 1998; Thaler 1985).

Some consumers have been shown to desire a balance of consumption outcomes between their own selfish interests and interests of other consumers (Fehr and Gintis 2007; Fehr and Schmidt 1999). Therefore, some consumers may prefer to not experience this inequity in the offer (Scheer, Kumar, and Steenkamp 2003). As the offer becomes more exclusive these consumers may experience decreased purchase intentions as a result. Understanding which consumers value optional surcharges framed as an exclusive or inclusive offer would be helpful when segmenting customers to send target offers (Ahluwalia 2008). Therefore, we hypothesize:

H3A: When consumers are exposed to mandatory surcharges framed as an inclusive offer, they will have significantly higher purchase intentions than when the surcharge is framed as exclusive.

H3B: When consumers are exposed to optional surcharges, they will have no significant difference in purchase intentions when exposed to inclusive offers or exclusive offers.

To further examine the gap in the literature two studies were conducted. Study one was designed to measure and compare consumers' purchase likelihood levels for optional and mandatory surcharges at different price levels. Study two utilizes an experimental design to examine the effectiveness of exclusive and inclusive surcharge promotional offers with purchase intentions. The findings of study one are extended

by examining surcharges in another purchasing context. We then conclude by discussing how surcharge optionality shapes consumers' willingness to purchase and contributes to our understanding of how consumers' preferences for autonomy shape their behaviors.

STUDY 1

Objective, Participants, and Design

This study investigates relationships between surcharge optionality, reactance, and purchase intentions. In a controlled online experiment, we present surcharges as optional or mandatory at varying price points to determine whether people will reject mandatory surcharges otherwise dominating all possible outcomes from a product with optional surcharges. We predict, consistent with H1, participants will have higher purchase intentions for optional surcharges than mandatory surcharges. We also elicit individual differences in reactance to test H2A and H2B that surcharge optionality is more important among more reactant consumers.

Procedures and Measures

In exchange for a small monetary incentive (\$0.50), 230 Amazon Mechanical Turk respondents participated in this study. These respondents were randomly assigned to one of two cells in the 2 (Surcharge: Optional v. Mandatory) x 1 (Reactance) between-subjects experimental design. The surcharge was operationalized as a situational variable, where consumers had higher levels of autonomy in the optional surcharge condition and lower levels of autonomy in the mandatory

condition. Reactance was operationalized as a personality trait where participants perceived themselves as being in a higher or lower reactant state.

Participants read a scenario putting them in the situation of going on a trip and in need of renting a vehicle. For the optional condition, there was an optional surcharge for a GPS, where participants could choose whether or not to purchase the surcharge. In the mandatory surcharge condition, participants were told there was a mandatory surcharge they had to pay for a GPS rental. It should be noted, this surcharge is one many people may not particularly want, especially with many individuals already having GPS capability on their smartphones. This is different from surcharges consumers would want, like shipping, where they need it to use their product.

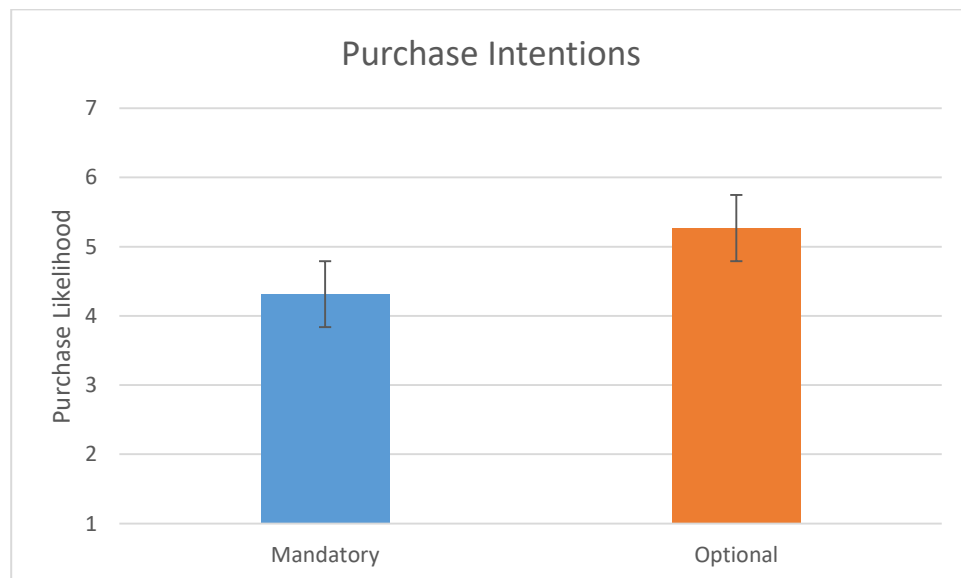
After reading the scenario the respondents were asked a series of questions. All of the respondents were asked to rate their purchase likelihood, which was the main dependent variable in the study. Participants were asked how likely they were to rent the vehicle using a seven-point Likert scale (7: very likely – 1: very unlikely). Those respondents who had scenarios with optional surcharges were asked if they would purchase the optional surcharge. Additionally, respondents answered items measuring their level of reactance using eleven items to measure reactance and a five-point Likert scale (5: strongly agree – 1: strongly disagree) from the literature (Hong and Faedda 1996). Other demographic control variables were measured including gender, age, and marital status.

Results

To test H1, which examined if optional surcharges increased purchase intentions, we conducted a one-way ANOVA on purchase likelihood. This revealed a main effect on optionality ($M_{\text{mandatory}} = 4.32$ and $M_{\text{optionality}} = 5.27$, $SD_{\text{mandatory}} = 1.82$ and $SD_{\text{optionality}} = 1.37$; $F(1, 225) = 19.98$, $p < .01$). This main effect of optionality is evident from the graphical results displayed in Figure 16.

These results remained consistent when accounting for the other control variables. A one-way ANOVA on purchase likelihood revealed a main effect on optionality ($M_{\text{mandatory}} = 4.32$ and $M_{\text{optionality}} = 5.27$, $SD_{\text{mandatory}} = 1.82$ and $SD_{\text{optionality}} = 1.37$; $F(1, 225) = 7.49$, $p < .01$). The purchase likelihood results support H1: subjects will have a higher level of purchase intentions for optional surcharges than mandatory surcharges.

Figure 38 Significantly Higher Consumer Purchase Intentions for Optional Surcharges



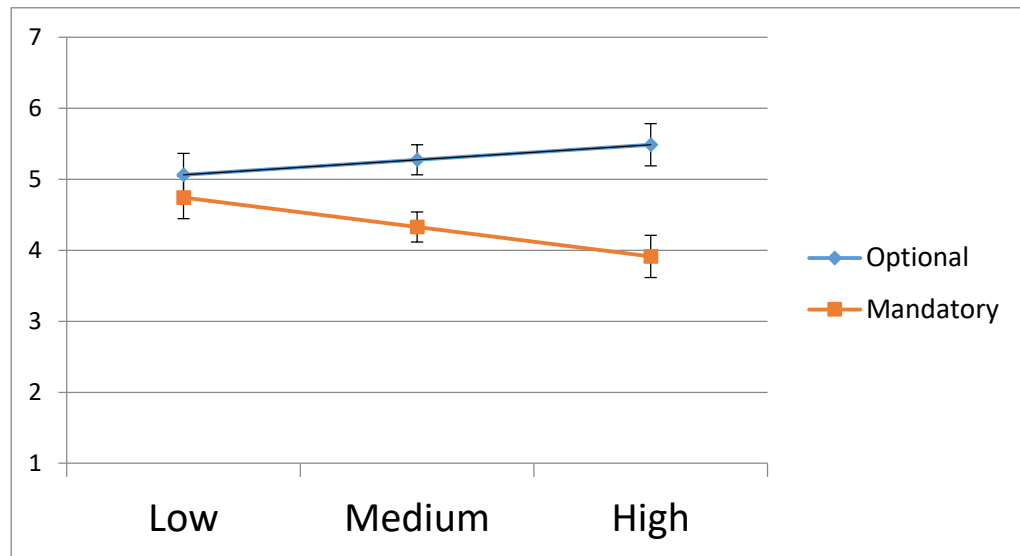
Next, we examined if reactance had the proposed moderating effect on our model allowing us to test H2. Therefore, we run a moderation analysis on optionality and purchase intentions. The current measurement of reactance is from an eleven-item measure. When measuring the alpha levels of this scale the raw alpha was .88 and the standardized alpha was .86, which show the current scale adequately measures the intended variable of reactance.

We examined reactance by optionality to determine if there was a moderating effect of reactance on optionality. The results were insignificant ($M_{\text{mandatory}} = 2.93$ and $M_{\text{optionality}} = 2.88$, $SD_{\text{mandatory}} = .76$ and $SD_{\text{optionality}} = .77$; $F(1, 224) = .25$, $p = .62$). When adding the control variables the results for optionality again were insignificant ($M_{\text{mandatory}} = 2.93$ and $M_{\text{optionality}} = .76$, $SD_{\text{mandatory}} = 2.88$ and $SD_{\text{optionality}} = .77$; $F(1, 224) = .11$, $p = .75$).

Next, we examined purchase likelihood by the interaction of optionality and reactance to determine if there was a moderating effect of reactance on optionality. We find there was a significant interaction effect of optionality by reactance ($F(1, 222) = 8.78$, $p < .01$). To explore the nature of the interactions spotlight analyses were conducted at +1 SD and -1 SD from the mean for purchase likelihood. For the purchase likelihood spotlight analysis, when reactance was high (+1 SD), differences in purchase likelihood emerged ($M_{\text{high reactance}} = 5.49$ and $M_{\text{medium reactance}} = 5.28$, $SE_{\text{high reactance}} = 0.30$ and $SE_{\text{medium reactance}} = 0.21$; $F(1, 222) = 27.82$, $p < .01$); however when reactance was low (-1 SD), there were no differences in purchase likelihood ($M_{\text{medium reactance}} = 5.28$ and $M_{\text{low reactance}} = 5.06$, $SE_{\text{medium reactance}} = 0.21$ and $SE_{\text{low reactance}} = 0.30$; $F(1, 222) = 1.15$, $p = .28$). These results can be seen in Figure 17. Together these

results support H2A and H2B that reactance moderates the relationship between optionality and purchase intentions.

Figure 39 Purchase Likelihood Spotlight Analysis for Surcharge Optionality by Reactance Level



Discussion

The results from study one shed some light into consumer autonomy for choice preferences with surcharges and the role of reactance. In support of H1, participants had higher purchase intentions for optional surcharges than mandatory surcharges. This study highlights another instance of consumers experiencing a violation of choice dominance.

We also found individual differences in reactance, supporting H2A and H2B by finding surcharge optionality is more important among more reactant consumers. Reactance having a moderating effect adds to our understanding of the role this individual difference variable. This finding highlights the importance autonomy of choice plays with consumers experiencing reactant states.

In study two, we examine how targeted communication efforts could increase or decrease consumer purchase intentions in the context of providing them with exclusive or inclusive offers. Study two uses a new context of cable packages. Consumers often receive promotional advertisements which may be provided to all consumers or a select group. These advertising strategies may have positive or negative implications on how consumers respond to the opportunity to purchase both mandatory and optional surcharges.

STUDY TWO

Based on the results of study one we found consumers, particularly reactant consumers value optionality. The objective of study two is to identify which consumers value optionality when offered an exclusive or inclusive promotion. We do this by examining consumers offered optional and mandatory surcharge promotions that are available exclusively for them or inclusively for all potential customers. We expand our scope to include offer exclusivity as it has been actively researched in the marketing literature and commonly used by practitioners in marketplace to promote offerings and segment consumers.

Objective, Participants, and Design

This study investigates relationships between surcharge optionality, offer exclusivity, and purchase intentions. In a controlled online experiment, we present an exclusive, inclusive, or neutral offer for a surcharge as optional or mandatory to determine how consumers respond to these offerings. We predict in the context of mandatory surcharges, when consumers receive inclusive offers they will have higher

levels of purchase likelihood than when the offers are presented as exclusive. We anticipate no significant differences when consumers are exposed to optional surcharges presented as inclusive or exclusive offers.

Procedures and Measures

In exchange for a small monetary incentive (\$1.00), 227 Amazon Mechanical Turk respondents participated in this study. These respondents were randomly assigned to one of the four cells in the 2 (Surcharge: Optional v. Mandatory) x 2 (Offer Exclusivity: Exclusive v. Inclusive) between-subjects experimental design.

Participants read a scenario putting them in the situation of needing to purchase a cable and internet package. We provided them the opportunity to choose aspects of the package to build the product that best fit their needs. For the optional condition, there was an optional surcharge for a professional to install the cable and internet package for them. The participant therefore has the ability to add this surcharge or opt-out and install the cable and internet service themselves. Under the mandatory condition, the participant was required to have this surcharge as a part of their cable and internet package. Some people may not particularly want to pay this surcharge, with the ability to set up the cable box, wires, and internet router themselves.

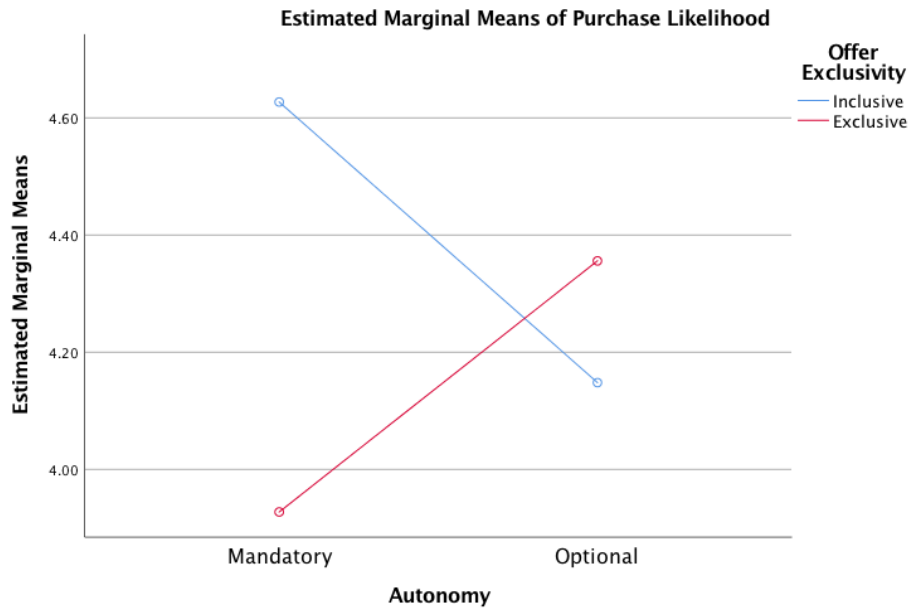
After reading the scenario the respondents were asked a series of questions. All of the respondents were asked to rate their purchase likelihood, which was the main dependent variable in the study. Similar to study one, participants were asked how likely they were to purchase the internet and cable package using a seven-point Likert

scale (7: very likely – 1: very unlikely). Those respondents who had scenarios with optional surcharges were asked if they would purchase the optional surcharge. Other demographic control variables were measured including gender, age, and marital status.

Results

We examined if offer exclusivity had the proposed moderating effect on our model allowing us to test H3A and H3B. Therefore, we run a moderation analysis on optionality and purchase intentions. A one-way ANOVA on purchase likelihood revealed a significant two-way interaction between surcharge optionality and offer exclusivity ($F(1, 227) = 3.48, p = .06$). We find a significant simple main effect between inclusive and exclusive offers for mandatory surcharges. Specifically, consumers had significantly higher purchase intentions when presented inclusive mandatory surcharges rather than exclusive mandatory surcharges ($M_{\text{inclusive mandatory surcharge}} = 4.62$ and $M_{\text{exclusive mandatory surcharge}} = 3.93$, $SE_{\text{inclusive mandatory surcharge}} = 0.24$ and $SE_{\text{exclusive mandatory surcharge}} = 0.25$). There were no significant difference in consumer purchase intentions when optional surcharges were framed as inclusive or exclusive ($M_{\text{inclusive optional surcharge}} = 4.15$ and $M_{\text{exclusive optional surcharge}} = 4.36$, $SE_{\text{inclusive optional surcharge}} = 0.25$ and $SE_{\text{exclusive optional surcharge}} = 0.24$). These results support H3A and H3B and can be seen visually in Figure 40.

Figure 40 For Mandatory Surcharges Consumers Differ in Purchase Likelihood for Inclusive and Exclusive Offers



Discussion

This research extends our findings from study one by examining optional surcharges in another consumption setting as well as providing new insights into how to communicate this type of surcharge to consumers. These insights are valuable to marketing managers when targeting these offers to specific consumers. Specifically, we found consumers had higher purchase intentions when exposed to inclusive mandatory surcharge offers rather than exclusive mandatory surcharge offers. When exposed to optional surcharges, there was no difference in purchase intentions between consumers receiving inclusive and exclusive offers. These insights support that framing surcharges mandatory or optional can be a successful pricing strategy, which can be optimized by promoting them as an exclusive or inclusive offer to specific consumers.

GENERAL DISCUSSION

Our research model examined how consumers prefer having some choice when setting the price of products, specifically in the context of surcharges. By simply framing surcharges as optional and mandatory, marketing managers have the potential to increase consumer purchase intentions for their organization. Segmenting and targeting specific consumers is a common marketing strategy. Our research model investigated how consumers respond to customized messages making exclusive or inclusive offers of optional and mandatory surcharges to consumers. Lastly, we incorporated an individual difference variable, reactance, which focuses on how consumers respond to their freedom or ability to choose being restricted. Altogether, this research model provides highlights and insights into consumer behavior and responses to surcharge offerings in the marketplace. We further our understands of consumers when faced with surcharges, but also provide insights marketing managers can utilize successfully in practice.

The findings from study one found consumers preferred optionality in the context of surcharges, which was displayed through higher levels of purchase likelihood. We contributed to the literature by showing how an individual difference variable, reactance, impacts the relationship with optionality and purchase intentions. Specifically, we find consumers with high levels of reactance were more responsive to surcharge optionality than consumers with low levels of reactance. This along with the results from study two provide an answer to our research by indicating which consumers to target when utilizing mandatory and optional surcharge pricing mechanisms.

Conceptual Implications

Previous research has shown surcharges can impact consumer behavior and decision making in a variety of contexts. Tobacco surcharges have been found to deter smokers from purchasing health insurance (Liber, Drope, Graetz, Waters, and Kaplan 2015), choosing different insurance plans (Kaplan, Graetz and Waters 2014), and did not end consumer smoking habits (Friedman, Schpero, and Busch 2016). Unhealthy label surcharges reduced demand for healthy food and significantly drove healthier consumer choices, positively impacting society (Shah, Bettman, Ubel, Keller and Edell 2014). Bank surcharge fees being too high can drive away consumers (Carrns 2013). In the shipping industry, the rise of fuel surcharges lead to the creation of slow steaming transportation which has been widely adapted and resulted in a smaller environmental impact (Notteboom and Cariou 2013). Television networks displaying warning labels for violent programs resulted in increased interest for reactance consumers who felt their viewing choice was being limited (Bushman and Stack 1996).

Based on the findings of the current research, we have shown an instance where surcharges could be positioned as something positive to consumers through the feeling of autonomy of choice. This can simply be done by labeling surcharges as optional or mandatory to fit the wants and needs of consumers. This provides managers with another pricing mechanism to use in their organizations with positive benefits. Researchers are able to see how reactance interacts with optionality, building on our current understanding of this mental state and consumer decision making. With reactant consumers making unique choices when their freedom is restricted, we show how this can impact their behaviors in the context of optional surcharges.

Conceptually, we contribute to the marketing literature by showing consumers prefer having autonomy of choice in the context of surcharges. We provide evidence that reactance impacts this relationship where consumers experiencing higher levels of reactant optionality matters more to them. Lastly, we display how manipulating the offer framing as exclusive to only a limited group or inclusive to everyone is associated with different purchase intentions.

Managerial Implications

Our findings give marketing managers an easy to implement change to their current pricing mechanism. This could result in greater profitability of the firm. Giving consumers the autonomy of choosing surcharges can alter purchase intentions.

Additionally, we find marketing managers can target specific consumers based on the individual difference variable reactance. Understanding that framing surcharges as an exclusive offer to only select consumers or inclusive to all consumers, can be associated with differing purchase intentions is a helpful tool to marketing managers when crafting communication messages. Once consumers are identified, marketing managers can send targeted advertising to this target market about the pricing mechanism. By aligning the surcharge offer to the needs and wants of specific consumers, marketing managers could expect higher purchase intentions with minimal costs to the firm. Marketing managers now can make more informed decisions with this new information on how these individual differences are associated with consumer purchase intentions when exposed to situations where they have autonomy in setting the price of products.

Limitations and Future Research Directions

There are several areas of future research which could be developed to further our understandings of autonomy of choice with surcharges and build on the current literature. One limitation of the current study is the way the surcharges were presented. Previous research has found surcharge types and how they are presented can influence how consumers process the price frame presented to them (DeVVecchio, Lakshmanan, and Krishnan 2009; Xia and Monroe 2004). Our current study did not alter the presentation style and format of how the surcharges were presented. Optional surcharges should also be examined in additional contexts and presentation formats to determine if this results in different processing and how they value the optionality of the surcharge. This formatting change is a low barrier for marketing managers to change, but could have significant impacts on their surcharge revenue generation.

Although we were able to examine surcharges in two new consumption settings, many other consumption contexts have not yet been tested in a variety of product categories. Optional surcharges should also be examined for additional product categories to see if similar results are produced. In our studies, we examined car rentals and cable packages, but many other interesting purchasing contexts remain unexplored. Previous research suggests products with different levels of involvement can result in different levels of negative emotions from consumers to pay the surcharge. Sahay, Mukherjee, and Dewani (2015) suggests low or medium involvement level products can result in consumers having a larger negative emotional feeling for surcharges. Therefore, choosing products from new categories requiring

different levels of consumer involvement would provide additional literature and managerial insights.

The choice literature suggests consumers prefer some choices, but do not like too many alternatives presented to them. It is important to understand how consumers respond to simple and complex choice offerings. The current research studies examine consumers only being presented one surcharge. In many instances consumers can be faced with several different surcharges in the partitioned price (Völckner, Rühle, and Spann 2012). Future research should examine how multiple surcharges impact consumer decision making and perceptions of optionality. It may be the case too many optional surcharges or too much choice could overwhelm consumers resulting in negative consumer choices and implications for the brand.

When considering our current findings with optional and mandatory surcharges, these future research directions can help address limitations to the current studies. This work can build on current findings by furthering our understanding of consumer behaviors in the context of optional and mandatory surcharges. This can give practitioners confidence when using this pricing mechanism and best practices to implement in the field.

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APPENDIX 1

Study 1 Stimuli

Condition 1: Sincerity Independent

Metropolis Knights
 "Pay-What-You-Want" General Admission Tickets

<p>Ticket Information</p> <p><u>You</u> decide the price.</p> <p><u>You</u> can choose any seat in the "General Admission Section."</p> <p>The price is all up to <u>you</u>.</p> <p>Enjoy <u>your</u> game!</p> <p>Who are the Metropolis Knights?</p> <p>Team Philosophy: Be <u>Free of Deceit</u> and <u>Falseness</u> in Everything you do</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a <u>down-to-earth, family-oriented</u> feel."</p> <p>"This team has a <u>real, sincere, honest, and wholesome</u> energy when they play."</p> <p>"When I think of the Metropolis <u>Knights</u>, I think of an <u>original, small-town</u> team that is <u>cheerful</u> and <u>friendly</u>."</p>
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You at the game.

Condition 2: Sincerity Interdependent

Metropolis Knights
 "Pay-What-You-Want" General Admission Tickets

<p>Ticket Information</p> <p><u>You, your friends, and family</u> decide the price.</p> <p><u>You, your friends, and family</u> can choose any seat in the "General Admission Section."</p> <p>The price is all up to <u>you, your friends, and family</u>.</p> <p>Enjoy <u>the game together with friends and family!</u></p> <p>Who are the Metropolis Knights?</p> <p>Team Philosophy: Be <u>Free of Deceit</u> and <u>Falseness</u> in Everything you do</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a <u>down-to-earth, family-oriented</u> feel."</p> <p>"This team has a <u>real, sincere, honest, and wholesome</u> energy when they play."</p> <p>"When I think of the Metropolis <u>Knights</u>, I think of an <u>original, small-town</u> team that is <u>cheerful</u> and <u>friendly</u>."</p>
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You, your friends, and family at the game.

Condition 3: Excitement Independent

Metropolis Lightning




"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;"><u>You</u> decide the price.</p> <p style="text-align: center;"><u>You</u> can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to <u>you</u>.</p> <p style="text-align: center;">Enjoy <u>your</u> game!</p> <p style="text-align: center;">Who are the Metropolis Lightning?</p> <p style="text-align: center;">Team Philosophy: Create an Exciting Entertainment Experience by being Daring, Enthusiastic, and Eager to Succeed</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p style="text-align: center;">"The whole ballpark experience has a contemporary, trendy, and up-to-date feel."</p> <p style="text-align: center;">"This team has a cool, young, and spirited energy when they play."</p> <p style="text-align: center;">"When I think of the Metropolis Lightning, I think of an imaginative, unique, and independent team."</p>	
	 <u>You</u> at the game.	

Condition 4: Excitement Interdependent

Metropolis Lightning




"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;"><u>You, your friends, and family</u> decide the price.</p> <p style="text-align: center;"><u>You, your friends, and family</u> can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to <u>you, your friends, and family</u>.</p> <p style="text-align: center;">Enjoy the game together with friends and family!</p> <p style="text-align: center;">Who are the Metropolis Lightning?</p> <p style="text-align: center;">Team Philosophy: Create an Exciting Entertainment Experience by being Daring, Enthusiastic, and Eager to Succeed</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p style="text-align: center;">"The whole ballpark experience has a contemporary, trendy, and up-to-date feel."</p> <p style="text-align: center;">"This team has a cool, young, and spirited energy when they play."</p> <p style="text-align: center;">"When I think of the Metropolis Lightning, I think of an imaginative, unique, and independent team."</p>	
	 <u>You, your friends, and family</u> at the game.	

Condition 5: Competence Independent

Metropolis Generals




"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;">You decide the price.</p> <p>You can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to you.</p> <p style="text-align: center;">Enjoy your game!</p> <p style="text-align: center;">Who are the Metropolis Generals?</p> <p style="text-align: center;">Team Philosophy: Be Successful and Efficient</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience is reliable and has a secure feel."</p> <p>"This team is hard-working and successful when they play."</p> <p>"When I think of the Metropolis Generals, I think of a technical and highly-intelligent team."</p>	
	 You at the game.	

Condition 6: Competence Interdependent

Metropolis Generals




"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;">You, your friends, and family decide the price.</p> <p>You, your friends, and family can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to you, your friends, and family.</p> <p style="text-align: center;">Enjoy the game together with friends and family!</p> <p style="text-align: center;">Who are the Metropolis Generals?</p> <p style="text-align: center;">Team Philosophy: Be Successful and Efficient</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience is reliable and has a secure feel."</p> <p>"This team is hard-working and successful when they play."</p> <p>"When I think of the Metropolis Generals, I think of a technical and highly-intelligent team."</p>	
	 You, your friends, and family at the game.	

Condition 7: Sophisticated Independent

Metropolis Elite




"Pay-What-You-Want" General Admission Tickets

<p>Ticket Information</p> <p>You decide the price.</p> <p>You can choose any seat in the "General Admission Section."</p> <p>The price is all up to you.</p> <p>Enjoy your game!</p> <p>Who are the Metropolis Elite?</p> <p>Team Philosophy: A Cultured Tradition of Winning and Excellence</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has an upper-class and glamorous feel."</p> <p>"This team always looks smooth when they play."</p> <p>"When I think of the Metropolis Elite, I think of a charming and good-looking team."</p>	
	 <p>You at the game.</p>	

Condition 8: Sophisticated Interdependent

Metropolis Elite

"Pay-What-You-Want" General Admission Tickets




<p>Ticket Information</p> <p>You, your friends, and family decide the price.</p> <p>You, your friends, and family can choose any seat in the "General Admission Section."</p> <p>The price is all up to you, your friends, and family.</p> <p>Enjoy the game together with friends and family!</p> <p>Who are the Metropolis Elite?</p> <p>Team Philosophy: A Cultured Tradition of Winning and Excellence</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has an upper-class and glamorous feel."</p> <p>"This team always looks smooth when they play."</p> <p>"When I think of the Metropolis Elite, I think of a charming and good-looking team."</p>	
	 <p>You, your friends, and family at the game.</p>	

Condition 9: Ruggedness Independent

Metropolis Outlaws

"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;"><u>You</u> decide the price.</p> <p style="text-align: center;">You can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to <u>you</u>.</p> <p style="text-align: center;">Enjoy your game!</p> <p style="text-align: center;">Who are the Metropolis Outlaws?</p> <p style="text-align: center;">Team Philosophy: Be Rough and Tough</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p style="text-align: center;">"The whole ballpark experience has an outdoorsy, western feel."</p> <p style="text-align: center;">"This team has a strong, masculine energy when they play."</p> <p style="text-align: center;">"When I think of the Metropolis Outlaws, I think of a tough team."</p>
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You at the game.

Condition 10: Ruggedness Interdependent

Metropolis Outlaws

"Pay-What-You-Want" General Admission Tickets

<p style="text-align: center;">Ticket Information</p> <p style="text-align: center;"><u>You, your friends, and family</u> decide the price.</p> <p style="text-align: center;">You, your friends, and family can choose any seat in the "General Admission Section."</p> <p style="text-align: center;">The price is all up to <u>you, your friends, and family</u>.</p> <p style="text-align: center;">Enjoy the game together with friends and family!</p> <p style="text-align: center;">Who are the Metropolis Outlaws?</p> <p style="text-align: center;">Team Philosophy: Be Rough and Tough</p>	<p style="text-align: center;">Fan Quotes about the Team and Entertainment Experience</p> <p style="text-align: center;">"The whole ballpark experience has an outdoorsy, western feel."</p> <p style="text-align: center;">"This team has a strong, masculine energy when they play."</p> <p style="text-align: center;">"When I think of the Metropolis Outlaws, I think of a tough team."</p>
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You, your friends, and family at the game.

Study 2 Stimuli

Condition 1: Sincerity Fixed Price

Metropolis Knights

Fixed Price Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our fixed pricing promotion, get a new Metropolis Knights jersey for a stated price. You must pay the stated price for the jersey and cannot negotiate the price.</p> <p style="text-align: center;">Who are the Metropolis Knights?</p> <p>Team Philosophy: Be Free of Deceit and Falseness in Everything you do</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a down-to-earth, family-oriented feel."</p> <p>"This team has a real, sincere, honest, and wholesome energy when they play."</p> <p>"When I think of the Metropolis Knights, I think of an original, small-town team that is cheerful and friendly."</p>
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You must pay the fixed price for the Metropolis Knights jersey.

Condition 2: Sincerity Pay-What-You-Want Price

Metropolis Knights

Pay-What-You-Want Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our pay-what-you-want pricing promotion, get a new Metropolis Knights jersey for any price you want. You decide how much you want to pay for the jersey including choosing to pay \$0.</p> <p style="text-align: center;">Who are the Metropolis Knights?</p> <p>Team Philosophy: Be Free of Deceit and Falseness in Everything you do</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a down-to-earth, family-oriented feel."</p> <p>"This team has a real, sincere, honest, and wholesome energy when they play."</p> <p>"When I think of the Metropolis Knights, I think of an original, small-town team that is cheerful and friendly."</p>
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Pay whatever price you want for the Metropolis Knights jersey.


Condition 3: Excitement Fixed Price

Metropolis Lightning Fixed Price Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our fixed pricing promotion, get a new Metropolis Lightning jersey for a stated price. You must pay the stated price for the jersey and cannot negotiate the price.</p> <p>Who are the Metropolis Lightning?</p> <p>Team Philosophy: Create an Exciting Entertainment Experience by being Daring, Enthusiastic, and Eager to Succeed</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a contemporary, trendy, and up-to-date feel."</p> <p>"This team has a cool, young, and spirited energy when they play."</p> <p>"When I think of the Metropolis Lightning, I think of an imaginative, unique, and independent team."</p>
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You must pay the fixed price for the Metropolis Lightning jersey.


Condition 4: Excitement Pay-What-You-Want Price

Metropolis Lightning Pay-What-You-Want Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our pay-what-you-want pricing promotion, get a Metropolis Lightning jersey for any price you want. You decide how much you want to pay for the jersey including choosing to pay \$0.</p> <p>Who are the Metropolis Lightning?</p> <p>Team Philosophy: Create an Exciting Entertainment Experience by being Daring, Enthusiastic, and Eager to Succeed</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a contemporary, trendy, and up-to-date feel."</p> <p>"This team has a cool, young, and spirited energy when they play."</p> <p>"When I think of the Metropolis Lightning, I think of an imaginative, unique, and independent team."</p>
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Pay whatever price you want for the Metropolis Lightning jersey.




Condition 5: Competence Fixed Price

Metropolis Generals Fixed Price Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our fixed pricing promotion, get a new Metropolis Generals jersey for a stated price. You must pay the stated price for the jersey and cannot negotiate the price.</p> <p>Who are the Metropolis Generals?</p> <p>Team Philosophy: Reliability, Hard Work, and Intelligence Leads to Successful Results</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience is reliable and has a secure feel."</p> <p>"This team uses technical skills and confidence when they play."</p> <p>"When I think of the Metropolis Generals, I think of a corporate team with leaders."</p>	
		
<p>You must pay the fixed price for the Metropolis Generals jersey.</p>		

Condition 6: Competence Pay-What-You-Want Price

Metropolis Generals Pay-What-You-Want Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our pay-what-you-want pricing promotion, get a new Metropolis Generals jersey for any price you want. You decide how much you want to pay for the jersey including choosing to pay \$0.</p> <p>Who are the Metropolis Generals?</p> <p>Team Philosophy: Reliability, Hard Work, and Intelligence Leads to Successful Results</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience is reliable and has a secure feel."</p> <p>"This team uses technical skills and confidence when they play."</p> <p>"When I think of the Metropolis Generals, I think of a corporate team with leaders."</p>	
		
<p>Pay whatever price you want for the Metropolis Generals jersey.</p>		

Condition 7: Sophisticated Fixed Price

<h2>Metropolis Elite</h2> <h3>Fixed Price Jersey Promotion</h3>		
<p>Jersey Pricing Promotion Information</p> <p>Under our fixed pricing promotion, get a new Metropolis Elite jersey for a stated price. You must pay the stated price for the jersey and cannot negotiate the price.</p> <p>Who are the Metropolis Elite?</p> <p>Team Philosophy: An Upper-Class Team with A Cultured Tradition of Winning and Excellence</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a feminine and glamorous feel."</p> <p>"This team always looks smooth when they play."</p> <p>"When I think of the Metropolis Elite, I think of a charming and good-looking team."</p>	
		
<p><u>You must pay the fixed price</u> for the Metropolis Elite jersey.</p>		

Condition 8: Sophisticated Pay-What-You-Want Price

<h2>Metropolis Elite</h2> <h3>Pay-What-You-Want Jersey Promotion</h3>		
<p>Jersey Pricing Promotion Information</p> <p>Under our pay-what-you-want pricing promotion, get a new Metropolis Elite jersey for any price you want. You decide how much you want to pay for the jersey including choosing to pay \$0.</p> <p>Who are the Metropolis Elite?</p> <p>Team Philosophy: An Upper-Class Team with A Cultured Tradition of Winning and Excellence</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has a feminine and glamorous feel."</p> <p>"This team always looks smooth when they play."</p> <p>"When I think of the Metropolis Elite, I think of a charming and good-looking team."</p>	
		
<p><u>Pay whatever price you want</u> for the Metropolis Elite jersey.</p>		

Condition 9: Ruggedness Fixed Price

Metropolis Outlaws

Fixed Price Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our fixed pricing promotion, get a new Metropolis Outlaws jersey for a stated price. You must pay the stated price for the jersey and cannot negotiate the price.</p> <p>Who are the Metropolis Outlaws?</p> <p>Team Philosophy: Be Rough and Tough</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has an outdoorsy, western feel."</p> <p>"This team has a strong, masculine energy when they play."</p> <p>"When I think of the Metropolis Outlaws, I think of a tough team."</p>
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You must pay the fixed price for the Metropolis Outlaws jersey.

Condition 10: Ruggedness Pay-What-You-Want Price

Metropolis Outlaws

Pay-What-You-Want Jersey Promotion

<p>Jersey Pricing Promotion Information</p> <p>Under our pay-what-you-want pricing promotion, get a new Metropolis Outlaws jersey for any price you want. You decide how much you want to pay for the jersey including choosing to pay \$0.</p> <p>Who are the Metropolis Outlaws?</p> <p>Team Philosophy: Be Rough and Tough</p>	<p>Fan Quotes about the Team and Entertainment Experience</p> <p>"The whole ballpark experience has an outdoorsy, western feel."</p> <p>"This team has a strong, masculine energy when they play."</p> <p>"When I think of the Metropolis Outlaws, I think of a tough team."</p>
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Pay whatever price you want for the Metropolis Outlaws jersey.

APPENDIX 2

Study 1 Stimuli

Condition 1: Low Price Mandatory Surcharge

Imagine you are on an out-of-state family trip and are thinking about renting a car to drive around the city for the week. You would pay out-of-pocket, and the price of the vehicle for the week rental is \$200.

You also see there is a mandatory surcharge of \$20 for GPS navigation, which you must pay if you rent the car.

Condition 2: Low Price Optional Surcharge

Imagine you are on an out-of-state family trip and are thinking about renting a car to drive around the city for the week. You would pay out-of-pocket, and the price of the vehicle for the week rental is \$200.

You also see there is an optional surcharge of \$20 for GPS navigation, which you can accept or decline if you rent the car.

Condition 3: High Price Mandatory Surcharge

Imagine you are on an out-of-state family trip and are thinking about renting a car to drive around the city for the week. You would pay out-of-pocket, and the price of the vehicle for the week rental is \$220.

You also see there is a mandatory surcharge of \$20 for GPS navigation, which you must pay if you rent the car.

Condition 4: High Price Optional Surcharge

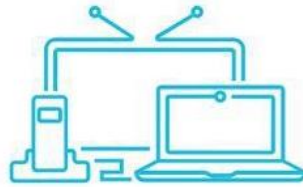
Imagine you are on an out-of-state family trip and are thinking about renting a car to drive around the city for the week. You would pay out-of-pocket, and the price of the vehicle for the week rental is \$220.

You also see there is an optional surcharge of \$20 for GPS navigation, which you can accept or decline if you rent the car.

Study 2 Stimuli

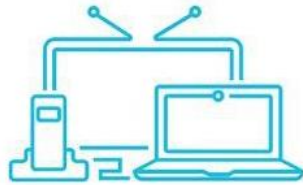
Condition 1: Exclusive Offer Mandatory Surcharge

We are offering a **select group** this special mandatory surcharge that you are **required** to include in your cable and internet package. For a low cost (\$50), one of our highly trained professionals will install your cable and internet package.



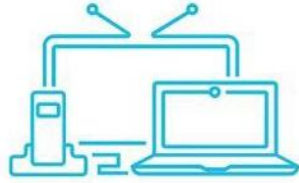
Condition 2: Exclusive Offer Optional Surcharge

We are offering a **select group** this special optional surcharge that you have the **choice** to include in your cable and internet package. For a low cost (\$50), one of our highly trained professionals will install your cable and internet package.



Condition 3: Inclusive Offer Mandatory Surcharge

We are offering **everyone** this special mandatory surcharge that you are **required** to include in your cable and internet package. For a low cost (\$50), one of our highly trained professionals will install your cable and internet package.



Condition 4: Inclusive Offer Optional Surcharge

We are offering **everyone** this special optional surcharge that you have the **choice** to include in your cable and internet package. For a low cost (\$50), one of our highly trained professionals will install your cable and internet package.

