

CROSS CULTURAL COMPLAINT BEHAVIOR DUE TO A PRICE INCREASE

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ABSTRACT

This study tests the differences in complaint behavior due to a price increase among consumers in Brazil, China, Germany, and the United States. The results indicate that when a price is increased, complaint behavior varies due to the relative power of the seller, the stage of development of the country, and the buyers' perception of their own affluence. An increase in complaint behavior was found to be associated with a higher level of development and consumer power: respondents in the transition economies of Brazil and China were not likely to complain. Germans were an anomaly because, despite being a developed country in which the consumer has considerable power, they were still loath to complain. In addition, in all four countries, those respondents who felt they were relatively affluent were more likely to accept a price increase without complaining.

References available on request.

PSYCHOLOGICAL AND CULTURAL FACTORS IN THE USE OF JUST-BELOW PRICING

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ABSTRACT

Just-below pricing is the practice of setting a price so that it falls just below a round number, such as setting a price at \$29.99 to fall just below \$30.00. There is considerable evidence, both systematic and anecdotal, that just-below pricing is used, at least to some degree, in most of the world's nations and cultures. However, there are also interesting cultural differences in how this retail pricing technique is used.

In this paper, an understanding of these pricing similarities and differences between cultures is approached through the detailed analysis of the patterns of price endings (i.e., the rightmost digits of a price) used in large matched samples of advertised prices in two countries with considerable cultural differences – the United States and Japan.

In the U.S., the digit 9 predominates among the rightmost digits of advertised prices (e.g., \$4.99); however, in Japan, the digit 8 predominates (e.g., ¥488). In contrast to this cultural difference, U.S. and Japanese prices are similar in that, in both countries, the 9 or 8 endings are more common when the advertised price is claimed to be a discount or otherwise low price. This suggests that, in both countries, the use of these price endings is expected to create the impression of a low price.

Further evidence for a common expectation that 9 or 8 price endings create a low-price impression is the greater use of 9 or 8 endings when this choice lowers the price's leftmost digit. For example, managers are more likely to choose 9s or 8s over 0s when the choice lowers the price's leftmost digit (e.g., \$4.99 vs. \$5.00; ¥488 vs. ¥500) than when it does not (e.g., \$4.49 vs. \$4.50; ¥448 vs. ¥450).

The findings of this detailed price-ending analysis are then discussed in a broader theoretical context. The expectation, common among U.S. and Japanese managers, that just-below price endings create a low-price impression agrees well with the substantial laboratory evidence that consumers tend to perceptually drop off, ignore, or otherwise give insufficient consideration to a price's rightmost digits. It appears that this "left-digit effect" is based on human psychological processes and is a cultural universal.

On the other hand, differences between countries in the use of particular digits (e.g., 8s rather than 9s) and differences in how often just-below pricing is used suggest that cultural traditions and values can lead a common psychological phenomenon to result in different feelings, implications, and practices. For example, in cultures with more collectivist versus individualist
