

## **CROSS CULTURAL COMPLAINT BEHAVIOR DUE TO A PRICE INCREASE**

Sarah Maxwell, Fordham University, U.S.A.  
Larry King, Fordham University, U.S.A.  
Sabine Anselstetter, University of Erlangen, Germany  
Carla Montenegro, Kraft Foods, Brazil  
Nicholas Maxwell, The Maxwell Statistics Corp., U.S.A

### **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**

Robert M. Schindler, Rutgers University - Camden, U.S.A.

### **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

---

values, the use of just-below pricing may risk creating unappealing impressions of a seller being manipulative or unconcerned with the welfare of customers.

Examination of the use of just-below pricing between cultures can not only provide guidance to pricing practice, but can also serve as a model to help understand the interactions that may occur between basic psychological processes and culture-specific variables.

References available on request.

---

## **THE FEED-IN TARIFF AS A PRICING MECHANISM FOR RESIDENTIAL SOLAR PANEL INSTALLATIONS: GERMANY VS. THE USA**

Scott Owen University of Oregon, U.S.A.

Lynn R. Kahle, University of Oregon, U.S.A.

### **ABSTRACT**

Foreign oil dependence and emissions of air pollutants could be decrease in oil-importing nations with increased sales and installations of residential solar panels. Solar energy can be captured in almost any climate, is not exhaustible and is relatively predictable (Johnson 2009). Germany has been using solar power for decades in spite of the relative lack of direct sunlight in Germany in contrast to parts of the United States (Johnson 2009). Countries that lead in adopting alternative energy sources, such as Germany, economically compensate homeowners for producing energy beyond what is required for consumption in their homes, providing between a \$0.3194 and \$0.4301 feed-in tariff. Feed-in tariffs provide an incentive based on the amount of solar energy produced and are given per kWh. This investment in each homeowner by the government enables an investment that turns profitable as the above-market rates of energy are paid to the homeowners. Governmental assistance allows this industry to flourish in Germany; some of the same programs are being test piloted in the United States. Photovoltaic cells now have a life cycle of about 30 years, far above previous generations that allows wider distribution and application to consumers (Perpiñan et al. 2009).

The federal cap in the United States for feed-in tariffs is 30%, with state incentives varying from a \$0.39 feed-in tariff in California to a \$500 rebate and \$1.50 feed-in tariff in Colorado. Other countries like South Korea are providing more enticing incentives for residential solar panels with feed-in tariffs of \$0.75/kWh.

This paper examines the experiences to date with this pricing approach and makes recommendations for future efforts, emphasizing cultural and psychological issues within the various countries as mediators of strategy.

References available on request.

---

### **Session 8.3: Cross-Cultural Integrated Marketing Communications**

*Session Chair: Mark Cleveland (University of Western Ontario)*

#### **When Less is More: A Comparative Study on Advertising Avoidance**

Dan Petrovici (Kent Business School)

Cristina Etayo (University of Navarra)

#### **The Role of Technology in Changing the Arab Culture**

Salma Ghanem (Central Michigan University)

Morris Kalliny (Missouri University of Science and Technology)

Siham Elgoul (Ain Shams University)

---

---