

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

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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.

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