

MASTER THESIS



Pay-What-You-Want Pricing Mechanism and the Influence of National Culture

Written by Ségolène Valérie A. GERON

ID: 116570

Supervisor

Ad de Jong

Copenhagen Business School

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Abstract

This thesis aims to analyse the effect of culture on pay-what-you-want (PWYW) pricing mechanism. With increasing market competition, marketers need to be able to differentiate their product or service. One way to achieve this is through innovative pricing mechanisms, a rather uncommon ground as fixed pricing strategy is one of the most common tools used. However, participative pricing strategies seem to be promising. They are all reviewed independently, but the focus is set on PWYW. This pricing system gives full control to the buyers to decide on the price they want to offer to the seller. There is no threshold and the seller cannot refuse the price set, even if it is zero.

The arousal of this topic in academic literature is recent, many research papers tried to demystify the main drivers of PWYW. The influence of buyer characteristics, reference prices and the principal settings of the mechanism are the main areas considered. However, there is no research on the influence of culture on PWYW. To investigate this matter, the cultural framework of Hofstede is selected. A deductive approach using quantitative research method is adopted to test the moderating impact of Hofstede's cultural dimensions on the relationship between fairness and PWYW. Participants from 18 different countries were selected to answer a questionnaire portraying hypothetical PWYW situations. Four situations were extracted out of it and thoroughly analysed.

The results first showed that fairness is a strong predictor for PWYW in the different hypothetical scenarios. Regarding the moderating impact of cultural dimensions, no consistent findings could be discovered across the different situations. However, some specific effects in specific scenarios could be observed. Power distance had a negative moderating impact on the relationship between fairness and PWYW in the McDonald scenario. Long-term orientation also had a negative moderating impact in the movie cases. Finally, indulgence had a positive moderating impact in one of the movie scenarios as well. Overall, it shows that cultural dimensions do influence the behaviour of the customers and consequently the amount they are willing to pay. Therefore, it cannot be neglected when implementing PWYW strategy in different countries. One suggests that culture is context dependent as different scenarios with different settings had different results. This means that the service or the product and the conditions of the offer might be perceived differently across culture and influence the fairness-PWYW relationship differently. Consequently, it is really important to assess the product or service and the settings before launching this strategy. Nevertheless, further research in this direction with field experiments is needed.

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1. INTRODUCTION

1.1 General Trends

Competition in the market is increasing with product life cycle getting shorter and new products and services coming to life every day. Additionally, consumers' expectations are rising, and they are looking for constant improvements (Merineau, 2018). These aspects represent challenges for the marketers as they need to be more and more creative and use innovation to market their products and services to attract customers (Olenski, 2014). Marketers can use the marketing mix framework - among others- consisting of “price”, “promotion”, “place” and “product” to position their product in the market and consequently influence the consumer behaviour (Baines & Fill, 2014).

Taking a closer look at the “price” component, Hinterhuber and Liozu (2014) argue that innovation in pricing strategy is one of the least explored areas. Companies tend to stick to the traditional fixed prices scheme, meaning the price is listed and there is no discussion. The customer evaluates the price given and the value the product or service will provide him or her. Based on these pieces of information, he or she reaches a decision on whether it is worth the investment. However, prices are present in almost every purchase decision, hence it influences consumer behaviour in a pervasive way (Lichtenstein, Ridgway, & Netemeyer, 1993; Usunier, Lee, & Lee, 2013). Most companies believe that changing pricing strategy results in a win-lose situation between the customer and the company itself. If the company increases the prices, they believe the customer attraction reduces. While, if the company reduces the prices, the customer attraction may increase, but the profit of the firm decreases. Nonetheless, those assumptions seem to be wrong as innovative pricing appears to be a powerful tool to reach a competitive advantage (Hinterhuber & Liozu, 2014). One emerging concept that has attracted increasing attention in terms of new participative pricing strategy is the pay-what-you-want (PWYW) pricing mechanism. It is a way of pricing that consists of offering a service or a product to a customer, and he or she can decide how much he or she will pay for it, including the amount of zero (Hinterhuber & Liozu, 2014; J. Y. Kim, Natter, & Spann, 2009). The seller cannot refuse the offer, implying that he or she undergoes a big risk of making a loss (Kim, Natter, & Spann, 2009).

The concept of PWYW pricing mechanism is, on the one hand, considered as innovative (Schons et al., 2014). While on the other hand, some argue it has existed for a long time because some institutions such as museums or churches already used it. However, in terms of academic research,

the topic has only attracted attention recently consequently, the amount of literature is not abundant. A reason why it caught the interest of researchers is that it is contradictory to the assumed rational human behaviour also called “homo economicus”. In neoclassical economics, human beings, like customers are described as self-interested individuals trying to maximize their gains no matter the consequences on others (Kim et al., 2009; Yamagishi, Li, Takagishi, Matsumoto, & Kiyonari, 2014). Therefore, the situation that customers give some money even though, they could free-ride and pay nothing is contradictory to the homo economicus assumption.

A few real-life examples have been testing the PWYW system and it turned out that in some circumstances the seller was making a profit. One of the most popular examples is “Radiohead”, a British band that decided to release their new compilation “In the Rainbows” online and asked people to pay what they wanted. Despite one third of the customers paying nothing and the other two third paying an average of four pounds, the traffic generated was much higher than it would have been under fixed price mechanism. As a result, beyond reaching a high market penetration, they also generated a profit (Chesbrough, 2010). Researchers have been interested in finding the drivers of PWYW. Among the most often studied are fairness, loyalty, satisfaction, reciprocity, altruism, and prosocial behaviour (Gneezy, Gneezy, Nelson, & Brown, 2010; Gneezy, Gneezy, Riener, & Nelson, 2012; J. Y. Kim, Kaufmann, & Stegemann, 2013; J. Y. Kim et al., 2009; Riener & Traxler, 2012; Schmidt, Spann, & Zeithammer, 2015; Schons et al., 2014).

Nonetheless, this mechanism is not failproof. Firstly, the literature about the topic is not unanimous and the influence of the different drivers still needs additional research to reach valid conclusions. Secondly, some studies also found out that it is not always leading to profit. Depending on the context of the use of the mechanism, it has been found that many may free-ride and leave an amount of zero (Gneezy et al., 2010, 2012, J. Y. Kim et al., 2013, 2009; Riener & Traxler, 2012; Schmidt et al., 2015; Schons et al., 2014). This is of course not an ideal situation for a seller. Overall, it can be said that the researchers have not come up with a clear model and many factors influencing the system are under-researched. One contextual factor that surprisingly received low attention is the impact of national culture on the mechanism (J. Y. Kim et al., 2009). In fact, cultural factors have already proven to influence pricing strategies (Usunier et al., 2013). Therefore, it seems counterintuitive that culture has not been taken into account in PWYW. This could be one of the potential reasons why different authors struggle to find consistent findings.

1.2 The Importance of Cultural Aspects and Research Question

For the purpose of this thesis, the focus will be set on national culture defined as the “collective mental programming” of the mind that differentiates people from others (Hofstede, 1980, p. 43; Hofstede & Hofstede, 2005). Globalisation has received increased attention in the past decade, where the differences between cultures are questioned (Holden, 2004). Nevertheless, it has been proven that adapting to local custom and consequently taking cultural differences in consideration is still highly important for the success of certain business concepts (Usunier et al., 2013). A traditional example is McDonald which adapts its menus to the cultural traditions and habits of the countries (Vignali, 2001).

Besides, it has also been proven that culture influences the decision-making process (Yates & de Oliveira, 2016). Yates & Oliveira (2016) analysed the steps of decision making and they realized that in each step, culture had an influence. PWYW represents a decision of the amount of money to give, it consequently implies that culture could have an influence on the mechanism. On top of that, literature about tipping has already been connected to cultural dimensions and it had an impact (Lynn, Zinkhan, & Harris, 1993). PWYW mechanism is different from tipping, but some underlying concepts used to explain the behaviour might still be useful. The PWYW strategy being relatively risky, it is important to have a good overview of all the factors that are favourable or unfavourable for the implementation. Some cultures may be more open than others, giving this pricing system a greater chance of success. Since culture is often treated as a contextual variable, it is interesting to understand the impact it has on the drivers of the mechanism. Culture has proven to influence customer attitude (Usunier et al., 2013), drivers such as fairness, altruism and price consciousness can be considered as attitudes. For example, it has been found that different cultures perceive fairness differently (Tata, 2005), this may lead to different outcomes under PWYW. However, little is known about the actual impact of culture on fairness and other drivers of PWYW. Thus, to investigate this matter, it has been decided to zoom into Hofstede’s dimensions of culture and connect each of them to the relationship between fairness and PWYW.

Based on the arguments developed in the previous paragraph, culture seems to have a high potential to influence the PWYW mechanism. Consequently, the main research question of this thesis is the following:

How does culture influence the PWYW pricing mechanism in the service industry?

To have a deeper understanding the following sub-questions will be addressed:

- a) What kind of pricing mechanisms exist and how do they differentiate from PWYW?
- b) Which variables influencing PWYW have already been studied and how do they impact the mechanism?
- c) Which dimensions of culture moderate the relationship between fairness and PWYW and how?

The first two sub-questions will be answered using an extensive literature review. The last question will be tested empirically with the use of a survey and a sample of students from different countries. After analysing and reporting the results, a discussion will follow. Finally, a conclusion answering the research question and sub-questions is drawn.

1.3 Delimitation

For practical and feasibility reasons, the scope of this thesis will be limited to the review of participative pricing mechanisms and voluntary payment. Further, the data will be collected in 18 countries, but only a few participants per country will participate. In fact, to reach participants, the researcher figured that it would be optimal to get have at least two contact people per country to spread the survey. Therefore, the researcher considered all the people in her network that were still students and that could potentially forward the survey to their personal network. This narrowed the search down to Germany, Belgium, Netherlands, Denmark, United Kingdom, Norway, France, Italy, Swiss, Spain, Portugal, Romania, Poland, Slovakia, Australia, Canada, Singapore, China. Further, culture is a very broad concept, different cultural dimensions and scores exist depending on the framework used. Hofstede is the one chosen in this research as it has the most robust and available data.

1.4 Relevance of the Topic

The researcher believes that the topic is highly relevant, because cultural differences should not be underestimated. It has been proven that culture has an important role when it comes to business. Further, it will provide a first overview of the impact of culture on the PWYW mechanism. After analysing and drawing a model connecting the different dimensions of culture and motivations to pay voluntary, the marketers will have some clear evidence of which dimensions influence consumer behaviour and how. Through the empirical testing of consumer behaviour in 18 different countries, it will also enable to have some robust evidence. Based on this, the marketers will be able to determine in which type of country the mechanism has higher chances of success. In addition, they will know on which factors to focus to design profitable marketing actions.

2. LITERATURE REVIEW

This section entails a comprehensive review of the existing literature. It is structured in the following way. Firstly, different participative pricing and voluntary payment mechanisms are reviewed. The aim of this part is to see what already exists in the market and what are the main characteristics of each of them. Therefore, it will enable to understand clearly what the pay-what-you-want pricing mechanism is and what it is not. The second part analyses in details what is already known about the PWYW system. Each variable and its impact are described. Thirdly, the emphasis is put on culture; different frameworks from different authors are reviewed and one is selected. In the fourth section, the chosen framework of culture is combined with the variables of PWYW. Based on this, a model is constructed.

2.1 PART I: Pricing Mechanism

Before analysing the PWYW mechanism deeply, it is interesting to compare the existing participative pricing and voluntary payment mechanism and consider the different drivers. The first sub-research question (a) will be answered in this part.

2.1.1 Non-Participative Pricing Mechanism

Non-participative payment mechanism is the most common form of pricing. The seller sets the price and the buyer decides based on this fixed price whether he or she wants to buy the good or service. It is also referred to as “posted price”, “listed price”, “set price” (Chao, Fernandez, & Nahata, 2015; J. Y. Kim et al., 2009; Schmidt et al., 2015; Stangl, Kastner, & Prayag, 2017). However, this pricing mechanism is only here for comprehension and comparison purposes as the emphasis is put on participative pricing mechanism.

2.1.2 Participative pricing mechanism

Participative pricing mechanisms are defined as mechanisms where the buyer has the ability to influence the selling price (Chandran & Morwitz, 2005). Kim et al. (2009), differentiate between

one-to-one pricing mechanism, where there is only one seller and one buyer involved in the transaction. Secondly, they also elaborate on horizontal pricing mechanism, where a group of buyers and/or group of sellers is involved in the interaction. Figure 1 graphically represents the different mechanisms.

Classification of Participative Pricing Mechanisms

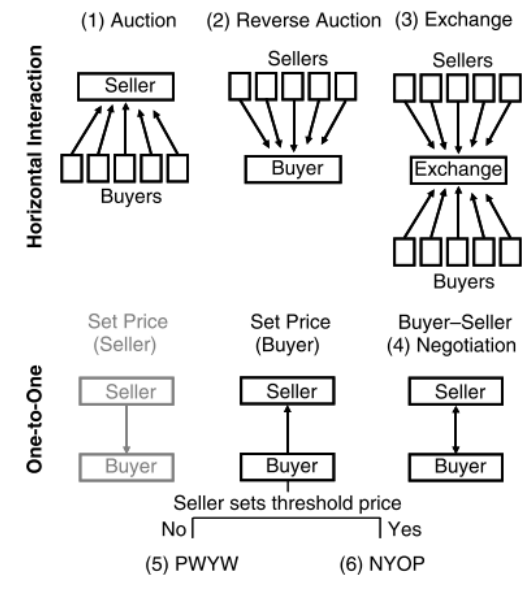


Figure 1: Pricing mechanisms. retrieved from "Pay-what-you-want: A new participative pricing mechanism" by J. Kim, M. Natter & M. Spann, 2009, *Journal of Marketing*, 73, p. 45.

2.1.2.1 Horizontal Interaction

In the horizontal participative pricing mechanism, Kim et al. (2009) differentiate between three different ways of pricing. Auctions are characterized by a group of buyers bidding for a good or service offered by a seller. The buyer with the highest bid is entitled to the product. On the contrary, in a reverse auction, there are multiple sellers who try to bid their product or service (decreasing prices) to one buyer. Finally, exchange is referred as multiple buyers and multiple sellers competing to sell or buy products or services.

2.1.2.2 One-to-One Interaction

In one-to-one participative pricing system, two mechanisms can be identified. Firstly, the buyer can set the price, in this case, it entails two sub-mechanisms, namely name-your-own-price

(NYOP) and PWYW. The main difference between those two is that in NYOP the seller is allowed to determine a minimum threshold. It enables him or her to decline the offers that are below his or her target. However, in PWYW the seller has to accept any price that the buyer is willing to offer even if the amount is zero. The second mechanism is called negotiation between one buyer and one seller. This is a reciprocal mechanism where both parties are able to influence the final pricing decision about the product or service (J. Y. Kim et al., 2009).

2.1.3 Voluntary Payment

Natter and Kaufmann (2015), decided to dig further into participative pricing mechanisms by focusing specifically on voluntary payment. The voluntary payment pricing has drawn attention as it is a payment system that works against the economic principle of the rational. Among these, four mechanisms are described, namely tipping, gift giving, donation and PWYW (Natter & Kaufmann, 2015). A fifth one has been added called honour system (Gerpott, 2017). This section aims to review the literature on the different voluntary payment and their main drivers to give an overview of what already exists and how it relates to the PWYW pricing mechanism.

2.1.3.1 Tipping

Tipping is challenging to define as according to Azar (2007b), six different types of tipping exist. Firstly, he defines “reward-tipping” as the tip given after the performance of a service to reward the person for the quality of the service. It is the most common form. Secondly, price-tipping is referred to the actual price of the service and it is not inducing good services. For example, the bellman in a hotel is given some tip for carrying luggage from point A to B. The tip is the price of the service, often in this case calculated according to the number of luggage. Thirdly, tipping-in-advance consists of rewarding the individual before the service is performed. The aim is to encourage the worker to give his or her best and treat the consumer according to his or her expectations (Brenner, 2001). Fourthly, “bribery tipping” is similar to tipping-in-advance, except that people tip in bribery to obtain something socially undesirable. However, despite bribery is seen as negative, it can also be good for welfare. In fact, it gives better services/spot/goods to the people who value it the most (Azar, 2007b). Holiday-tipping is the fifth form, which is given to a person once a year, often around Christmas time. It is supposed to reward the worker for the services performed throughout the year.

Finally, “gift-tipping” is used when monetary tips are inadequate. To show their gratitude, people may therefore use gift such as flowers. Gift-tipping does not encourage to render a better service though (Azar, 2007b).

Azar (2007a) performed a review on the existing literature on tipping and he gathered evidence that there are several variables that impact the tipping behaviour in restaurants mainly: service quality and quantity, patronage frequency, size of the bill, group size, differences between countries, interpersonal connection with the server and some variables that the waiter could not control such as the food quality. In addition, tipping behaviour is culturally dependent (Lynn et al., 1993).

2.1.3.2 Gift Giving

Gift giving is referred to a product or service given to someone for a special occasion. It is often practised among close relationships such as friends or family. However, it can also be done between business partners. The gift often represents an evaluation of the relationship (Natter & Kaufmann, 2015; Sherry, 1983).

2.1.3.3 Donation

Donation is defined as a voluntary monetary or non-monetary (service or assets) contribution to a non-profit organisation or a private foundation (Ariely, Bracha, & Meier, 2015). According to Ariely et al. (2015), they are three reasons that motivate people to behave prosocially and donate: intrinsic, extrinsic and image based. However, Bekkers and Wiepking (2011) have gathered all the literature available on the topic and they found out that there are eight mechanisms that influence donations to charity: awareness of need, solicitation, costs and benefits, altruism, reputation, psychological benefits, values and efficacy.

2.1.3.4 Honour-Based System

The honour-based system consists of some goods available at a listed price, but people can help themselves and they need to put the corresponding amount of money in a box. Usually, this system is used to market low priced good with low turnover as for example newspapers, candies,

flower picking etc. (Brudermann, Bartel, Fenzl, & Seebauer, 2015). This sale technique is highly reliant on the honesty of the consumer to be successful. Brudermann et al. (2015) investigated the effect of social norm and picture of someone watching you and they found out that it only resulted in minor improvements in terms of payment in the box for newspapers. Nonetheless, it was discovered that fairness and the issue of doing right or wrong are dominant factors when consumers are faced with this system (Levitt, 2006). A further study identified that internal norms would guide the behaviour of individuals for the amount of money they would pay. The authors explained that the internal norms vary across people as it is dependent on the socialisation process or culture they were educated in (Schlüter & Vollan, 2011).

2.1.3.5 PWYW

Following the classification of voluntary payment by Natter and Kaufmann (2015), PWYW is belonging to one of the categories. It is defined as “a participative pricing mechanism that delegates the whole price determination to the buyer. The seller simply offers one or more products under PWYW conditions, whereas the buyer decides on the price.” (Kim et al., 2009, p. 45). The seller cannot reject the price. The different drivers and motivational aspect of PWYW will be reviewed in the next part.

2.1.4 PWYW: Comparison

Now that the most important participative pricing and voluntary payment mechanisms have been reviewed, it is of interest to analyse how PWYW differ and what are the particular characteristics of this mechanism. This will enable to see if the findings from other mechanisms are applicable to this one. Looking at J.Y. Kim et al. (2009) classification, the main points of difference between the different mechanism are the following; Firstly, the transaction occurs between one buyer and one seller. Secondly, the buyer has full control over the transaction as he or she can decide the price. Finally, there is no threshold.

Digging further into the difference with the voluntary payments system, Gerpott (2017) designed a comparison table (see Table 1). He used five categories to distinguish between the mechanisms. He concluded that PWYW was differing because the buyer pays for the core product directly rather than ancillary products or service like in tipping (Azar, 2007b). The product or service

offered is theoretically not related to any charitable purpose like donation (Bekkers & Wiepking, 2011). Further, there is theoretically no suggested price available and the price is determined at the discrete of the buyer contrary to the honour system (Schlüter & Vollan, 2011). Finally, money is the currency of exchange as opposed to gift giving (Natter & Kaufmann, 2015). One last point of comparison used by the author is the reliance on the honesty/integrity of the payer. Gerpott (2017) does not consider that this is a main characteristic of PWYW. However, this conclusion might need further investigations as the drivers of PWYW are still ill-defined.

Overall, it can be seen that each mechanism has a small altering difference with PWYW. This means that PWYW is a system on its own. Hence, findings from other mechanisms should be considered with care and cross-application should be avoided.

Characteristics	Payment Approach				
	Tipping	Donation	Gift Giving	Honour System	PWYW
Payment in direct exchange for the core product/service	☒	☒	☒	✓	✓
Payment in direct exchange for ancillary service	✓	☒	☒	☒	☒
Payment related to charitable purpose	☒	✓	☒	☒	☒
Quotation of an aspired fixed price by the recipient	☒	☒	☒	✓	☒
Strong emphasis on honesty/ethic integrity of payer	(✓)	✓	☒	✓	☒

Yes = ✓ Partially Yes = (✓) No = ☒

Table 1: Classification of the Voluntary Payments reproduced from “Pay-what-you-wan pricing: an integrative review of the empirical research literature” by T. Gerpott, Management Science Letters, 2017, 7, p.36.

2.2 PART II: PWYW

This section will take a deeper look at the PWYW drivers. Firstly, the concept is clarified, and analogous concepts are taken into consideration. Secondly, a short economic perspective of the concept is reviewed. Finally, a comprehensive review of the literature on the existing drivers is given.

2.2.1 Definition

Due to the recent attractiveness of the concept, PWYW has been discussed under various forms. The academic literature is more likely to stick to the same concept. However, the press and the public may call it pay-as-you-feel, pay-what-you-can, pay-as-you-like, pay-what-you-wish (Blanding, 2015; Dholakia, 2017; Leatherdale, 2015; Mandshanden, 2015; Stott, 2015). Despite some converging aspects, PWYW needs to be differentiated from dynamic pricing and value-based pricing. Dynamic pricing is defined as adapting the price in real time according to demand and supply. For example, airlines and hotels apply this type of mechanism by reducing their prices the closer the sold-out date (Sahay, 2007). On the other hand, value-based pricing uses the perceived value a certain customer segment derives from a product or service to estimate the price (Hinterhuber, 2004). The main difference is that they are not direct participatory pricing mechanisms. The customer is involved in the price setting indirectly through his or her perception or purchases.

For the purpose of this thesis, the definition of PWYW used by Kim et al. (2009) will be used as it is the one that seems to be the most frequently cited in existent literature and the most comprehensive one. PWYW is a “participative pricing mechanism that delegates the whole price determination to the buyer. The seller simply offers one or more products under PWYW conditions, whereas the buyer decides on the price.” (Kim et al., 2009, p. 45).

2.2.2 Economic Perspective

From a neoclassical economic point of view, the PWYW system is deemed to fail. According to this model, people act only based on self-interest and their only aim is to maximize their profit and utility regardless of others' welfare. It is often referred to as “homo economicus” (Yamagishi et al., 2014). Consequently, linking this type of behaviour to the PWYW logic; paying whilst you could get something for free is not seen as rational (J. Y. Kim et al., 2009). However, research managed to

prove that this type of behaviour was not frequently observed in real life. Concept such as dictator game demonstrated that some people would act irrationally by giving away some money. For example, the dictator game consists of two players and one of them, the “dictator” has an amount of money that he can decide or not to share with the other player. Contrary to the homo economicus principle, the dictator gives some money in most of the cases (Forsythe, Horowitz, Savin, & Sefton, 1991; J. Y. Kim et al., 2013; Schons et al., 2014)

2.2.3 Variables influencing the PWYW Mechanism

The PWYW pricing mechanism has been explored from different perspectives and the number of variables studied is extensive. However, there is a lack of focus in the research done, the researchers test different variables in each study and consequently, there is little consensus reached on the effect of a variable. Therefore, it is hard to derive some valid conclusion. Nonetheless, a review of the variables studied and their impact on the PWYW pricing mechanism will be given in the following section. First, the buyer characteristics are reviewed. Second, the influence of reference prices is analysed. Finally, the role of different PWYW settings is examined. This section aims to answer the second sub research question (b).

2.2.3.1 Buyer Characteristics

Fairness

Fairness is defined as “the quality of being reasonable, right and just” (Collins English Dictionary Online, 2019, n.p.). Fehr and Schmidt (1999) argue that many people care for fairness. The main reason behind it is to reduce inequity aversion, meaning individuals are willing to give up some money to achieve an equitable result (G. E. Bolton & Ockenfels, 2010; Fehr & Schmidt, 1999). Rabin (1993) discusses that people want to be fair to people that treat them fairly and vice versa. Price fairness has also been analysed, and it has been found that when people are able to participate in the price setting, it is perceived as more fair (Haws & Bearden, 2006). These research evidences show that concern for fairness has an impact when people make decisions. In regards to PWYW, this variable has been investigated several times and in most of the cases a positive relationship between fairness and the voluntary amount paid has been found (Chung, 2017; Kim et al., 2009; Kunter, 2015; Schons et al., 2014; Regner, 2015). However, J.Y. Kim et al. (2009) found overall positive impact of

fairness, but when reviewed independently, only in one scenario studied (out of the three) this driver had an impact.

Reciprocity

In certain societies, there seem to be a natural tendency to reciprocate among human beings (Li, Zhu, Yu, Zhang, & Zhang, 2017). Reciprocity is defined as a “mutually contingent exchange of benefits between two or more units” (Alvin W. Gouldner, 1960, p. 164). Reciprocity is often associated with fairness as well (Ernst Fehr & Schmidt, 2006). In the PWYW system, the buyer receives something from the seller. Consequently, he or she may be willing to reciprocate this by leaving a decent amount of money. Nonetheless, research about this type of behaviour are scarce. Schmidt et al. (2015), did not find that reciprocity concern led to a higher amount of money. Another research found only partial support under specific conditions for reciprocity (Regner & Barria, 2009).

Altruism

Altruism is defined as doing something for someone without expecting anything in exchange; People are willing to sacrifice their own wealth for the others (Andreoni & Miller, 2002). Andreoni and Miller (2002) studied altruism in a game where participants had the opportunity to give some surplus away to anonymous people. They realised that people exhibit altruistic behaviour in most of the cases. Others research papers have also found that true altruistic behaviour can be part of the nature of human beings (Maner & Gailliot, 2007; Piliavin & Charng, 1990). Linking altruism with the PWYW mechanism, several authors have researched the impact. Schmidt et al. (2015) found out that altruism was more likely to drive higher amount of money. Another study demonstrates that altruism influences the internal reference price positively, implying a positive amount paid in PWYW (Roy, Rabbane, & Sharma, 2016a). However, Kim et al. (2009) found significant results for altruism regarding PWYW only in one out of three of his field experiments.

Consumer Satisfaction

Consumer satisfaction plays a role in the consumer experience (Bolton, 1998), it has the ability to increase profitability (Anderson, Fornell, & Lehmann, 1994). There are two ways to classify

satisfaction, it can be transaction-specific satisfaction or cumulative. The former relates to the experience after the purchase (Suh & Jones, 2000). On the other hand, cumulative consumer satisfaction relates to the previous experiences the customer has had before with the product or company including the current purchase (Olsen & Johnson, 2003). Turning on to the PWYW mechanism, customer satisfaction tends to be transaction specific. It has been found that satisfaction has a positive effect on the amount people are giving (Kim et al., 2009; Kunter, 2015). However, it is really important that the buyer experiences the product before paying, as it highly influences his satisfaction, hence the amount of money he or she is willing to give (Gerpott, 2017).

Price Consciousness

Price-conscious consumers refer to people with a high degree of sensitivity to low prices; they only want to pay low prices. (Lichtenstein et al., 1993). They are more likely to shop and look for discounts and bargains (Kim et al., 2009). Consequently, price has a negative influence on their purchase intention (Lichtenstein, Bloch, & Black, 1988). Turning on to the PWYW scheme, Roy et al. (2016a) argue that price-conscious consumers have lower internal references price due to the constant search for discounts, which affects the amount they are willing to pay. The literature has researched this effect and several studies found that price-conscious customers are paying a lower amount under PWYW (Kim et al., 2009; Marett, Pearson, & Moore, 2012; Roy et al., 2016; Schons et al., 2014).

Loyalty

A loyal customer is described as a consumer that repurchase from the same brand with consistency. Existing literature has found that loyal customers tend to have a higher internal reference price and therefore, they are willing to pay a higher price (J. Y. Kim et al., 2013; Marett et al., 2012). Stangl et al. (2017) argue that PWYW should only be offered to loyal customers as they are willing to pay a higher price. Nonetheless, one research only found a partial effect of loyalty on willingness to pay (J. Y. Kim et al., 2009).

Prosocial Behaviour

A prosocial behaviour is a behaviour adopted by an individual to signal that he or she is doing good. There are three motivational factors behind this behaviour. Firstly, intrinsic motivation, meaning the individual act in this way for altruism. Secondly, extrinsic motivation is linked to individual behaving like this in order to get external rewards such as reductions. Finally, the person engages in such behaviour for his or her image; she or he wants to be perceived in a certain way by others (Ariely et al., 2015). In the PWYW context, prosocial behaviour is used to self-signal. Therefore, it has been shown that people pay more to maintain their self-image and be perceived as good by others (Gneezy et al., 2012; Jang & Chu, 2012). In addition, people paid more if they saw other acting fairly (Jang & Chu, 2012).

Socio-Demographic Variables

The three main socio-demographic variables that have been studied are income, age and gender. Firstly, income has been studied as a variable influencing the amount people are willing to pay (WTP). According to several research, income relates positively to the price paid in PWYW (J. Y. Kim et al., 2013, 2009; Kunter, 2015; León, Noguera, & Tena-Sánchez, 2012; Riener & Traxler, 2012). In addition to income and somehow related to it, age has been used as a control variable. Borck, Frank, and Robledo (2006) and Kim et al. (2013), found that the willingness to pay increases with the age. A further investigated variable is the effect of gender on PWYW. Many studies control for the effect of this variable, but most obtain non-significant differences (Regner, 2015; Roy, 2015; Roy, Rabbane, & Sharma, 2016b; Roy et al., 2016a). Kim et al. (2013) found that males were more generous than females.

2.2.3.2 References Prices

Internal Reference Price (IRP)

An internal reference price is an estimated price a consumer has in mind for a specific product or service. Often customers are unsure of the value of a good or service and therefore, they use cues to estimate the price and determine how much they are willing to pay. These cues are often based on the price paid for a similar good or service previously (Bettman, Luce, & Payne, 1998; J. Y. Kim et al., 2009; Mazumdar, Raj, & Sinha, 2005). Internal reference prices affect consumer behaviour and

their purchase intention (Mayhew & Winer, 1992; Winer, 1986). This has also been demonstrated in the PWYW research stream. J.Y. Kim et al. (2009) showed that price paid was dependent on the IRP of the consumer. Consumers having an internal price in mind are willing to give a larger amount of that internal price to the seller. Another researcher found a mediating effect for the IRP on the WTP (Roy et al., 2016a). Schons et al. (2014) argue that the IRP is not stable and consumer change it from transaction to transaction, which in turns question the long-term viability of PWYW.

External Reference Price (ERP)

External reference prices are referred to price information available to the consumers. They are often used to influence the purchase intention of the customer. For example, in supermarkets, the external reference price is often displayed next to the discounted price (Mayhew & Winer, 1992). ERP are controverted as they dilute the PWYW freedom of the consumers. In fact, they give recommendation or even obligation (binding price) regarding the price to be paid (Gerpott, 2017; Johnson & Cui, 2013). Kim et al. (2013), found that ERP had a positive impact on the amount people paid. Further, the impact of minimum, maximum and suggested price has been analysed. It was discovered that minimum and maximum ERP had a negative influence on the price paid, but that suggested price seemed to be the most effective way to influence consumers. However, it was concluded that having an ERP was not always benefiting the seller, as it does give a benchmark to the consumer to compare his or her IRP and consequently lower it (Johnson & Cui, 2013). Nonetheless, Baria and Regner (2009) found that customers paid more than the minimum and on average higher than the suggested price.

2.2.3.3 Settings of the PWYW Mechanism

The PWYW pricing mechanism is not working for every product and service in every context. There are some specific requirements that have been tested to increase success. This section provides an overview of different settings.

Anonymity

Anonymity has been subject to mixed results regarding PWYW. On the one hand, it is argued that anonymity is increasing the number of free-riders as individuals do not face any social pressure to pay (J. Y. Kim et al., 2009; Regner & Barria, 2009). However, on the other hand, real-life examples such as Radiohead that commercialized their single online in an anonymous setting still managed to reach high profitability (Chesbrough, 2010). In addition, it has been demonstrated that some actually pay more under an anonymous setting than in public for the purpose of their self-image (Gneezy et al., 2012). Armstrong Soule and Madrigal (2015) concluded that PWYW can work online in anonymous setting. On the other hand, most of the research still argued that consumers are more likely to pay and leave a higher amount when there is a social interaction with the seller as they face social pressure. For example, in a restaurant the waitress interacts with the customers and people may feel guilty not to leave any money (J. Y. Kim et al., 2009; Riener & Traxler, 2012; Santana & Morwitz, 2011).

Product or Service Characteristics

PWYW has been subject to various field experiments. The researchers are almost unanimous about the findings. PWYW for highly priced luxury good is not profitable. In fact, it has been found that people do not increase the amount of money proportionally (Kim et al., 2013; Stangl, Kastner, & Prayag, 2017). It implies that it is hard for the seller to break even on such types of products. However, products and services that have higher chances of profit under PWYW are those with low to modest marginal costs (Chao, Fernandez, & Nahata, 2015; Kim et al., 2009; Schmidt et al., 2015). For example, buffet in a restaurant has low marginal costs. The attractive pricing scheme may generate more customers than a fixed price scheme, leading to a higher turnover and consequently profit. In addition, the value of the product must be low to ensure that the company does not lose too much money when someone decides to free-ride and leave an amount of zero (Kim et al., 2013; Stangl et al., 2017).

Besides, there are other factors related to the good or service provided that influence the amount paid. For example, if the good sold is linked to a social purpose such as a charity, it has been found that it increases the amount people are willing to pay (Gneezy et al., 2010; Park, Nam, & Lee, 2017). However, it reduces the number of people purchasing it. It is argued that customers prefer to avoid purchasing to keep their self-image rather than give a too low price and being perceived

negatively (Gneezy et al., 2010). Further, the perceived quality is also influencing the WTP in PWYW (Schmidt et al., 2015). In addition, Weisstein, Kukar-Kinney, and Monroe (2016) studied perceived quality, the knowledge the customer has on the product and brand familiarity. They found out that product knowledge increases the intention to purchase while perceived quality rises the PWYW WTP. Brand familiarity also plays a role but only in certain conditions.

Duration of the Application of the PWYW Pricing Mechanism

The period during which the PWYW scheme is applied also greatly influence profitability. PWYW can either be used as an alternative to fixed price on a continuous basis or it can be used as a one-shot promotional campaign (J. Y. Kim et al., 2009; J. Y. Kim, Natter, & Spann, 2014; Schons et al., 2014). Under the continuous scheme, the price people are willing to pay tend to decrease over time. Apparently, after three times experiencing the mechanism the willingness to pay stops decreasing and remains stable. Thus, if after three times the amount given is higher than the seller cost and enable him or her to run a viable business, PWYW can be done on a long-term basis (Schons et al., 2014). On the other hand, PWYW mechanism has also been investigated as a one-time action. Research on short-term effects is much more popular than long-term ones. Nonetheless, it has been found that using the PWYW mechanism as an advertising tool may reduce the amount paid. The reason behind it is that consumers think that not paying a large amount will not harm the seller as it is only a short-term action (León et al., 2012). However, in another study, no differences were made whether it was short-time or long-time application of the PWYW system (J. Y. Kim et al., 2013). In terms of promotional mechanism, J.Y. Kim et al. (2014) discovered that PWYW would lead to greater repurchase rate than free samples and it has the highest promotional revenue. However, free samples still reach more consumers.

Structure of the Market

Another point to consider before launching a PWYW strategy for services or goods' providers is the market in which it operates. Differences in the effectiveness of the mechanism have been found according to the strategy competitors were using. For example, it was discovered that the mechanism had a higher chance to survive in a monopolistic market. As soon as there is competition, there is no full market penetration anymore as individuals disliking the PWYW practice might go to fixed price

retailers. Further, most buyers tend to pay lower prices to the PWYW seller than to the fixed price seller for the same product. Therefore, in the case of fixed price sellers in the market, the PWYW seller would be better off to compete on fixed price too (Schmidt et al., 2015). However, it is the result of a laboratory experiment.

Culture

Culture has proven to have an impact on how people make decisions. In fact, the decision-making process was decomposed in ten steps and the impact of culture was assessed. They found out that culture does play a role in decision making (Yates & de Oliveira, 2016). However, when looking at the PWYW pricing mechanism, there is no research on the effect of culture and the amount people are willing to pay. Despite real-life studies being pursued in different countries, the findings have never been cross-checked to analyse the cultural influence it has. This shows that there is an academic gap in the literature that need to be covered (J. Y. Kim et al., 2009). Further, marketers claim for more research on culture concerning pricing issue (Laroche, 2007).

2.3 PART III: Culture

2.3.1 Definition

Culture is a very broad concept and academic literature defines it in different ways. It is important to state that, for the context of this work, the concept takes the meaning of national culture. Therefore, organisational culture will not be discussed. Hofstede, Hofstede, and Minkov (2010) defined culture as “the mental programming of the mind that distinguishes the member of one group or category of people from others” (p.6). House, Javidan, Hanges, and Dorfman (2002) define it as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations” (p.5). Another definition refers to “myriad ways of living exhibited by a particular group of people, ways that are transmitted from one generation to the next and which distinguish that group from others” (Smith, 1997 in Yates & de Oliveira, 2016 p. 106). It entails a large number of aspects that it is hard to reach a consensus on a single definition. Here, Hofstede’s definition will be used as a reference.

2.3.2 Theories of Culture

Different streams of research have proposed different ways to operationalize the concept of culture. The most popular model is Hofstede’s dimensions of culture, which is also the one that will be used to relate the PWYW drivers. Therefore, firstly, Hofstede’s framework is reviewed extensively, and each dimension is described. Secondly, a short review of other cultural theories is presented and the way they relate to Hofstede is analysed. Finally, a rational explanation is given on the reason why Hofstede’s framework was chosen.

2.3.3 Hofstede’s Framework

Hofstede is a Dutch researcher that pursued research across 50 nations at two points in time (1968 and 1972). To collect data across culture, the researcher sent questionnaires to IBM employees in different countries (Hofstede, 1983; Hofstede & Hofstede, 2005). Hofstede’s framework is one of the most comprehensive in terms of countries studied. The results of the research led to an initial four-

dimensional framework. Uncertainty avoidance (UA), power distance, masculinity and individualism are the main components. Later on, long-term orientation (LTO) and indulgence have been added to create a six-dimensional model (Hofstede, 1983; Hofstede & Hofstede, 2005; Hofstede et al., 2010). The dimensions are described below.

2.3.3.1 Power Distance

Power distance has been defined as the degree of acceptance towards unequal distribution of power. It is related to the way inequalities are dealt with. People in countries with high power distance are more likely to accept hierarchy and authority. On the other hand, people with low power distance index, are more likely to strive for an equal distribution of power and do not accept inequalities without justification. Table 2 below provides an overview of all the characteristics associated with this dimension. It is important to note that the tables (2, 3, 4, 5, 6,7) presented in the following paragraphs represent the extreme of each dimension. Most countries have scores that locate somewhere in between (Hofstede-Insights, 2019; Hofstede, 1980, 1983).

Small Power Distance	Large Power Distance
<ul style="list-style-type: none"> • Inequality in society should be minimized • All people should be interdependent • Hierarchy means inequality of roles, established for convenience • Subordinates consider superiors to be “people like me” • Superiors are accessible • The use of power should be legitimate and is subject to the judgment as to whether it is good or evil • All should have equal rights • Those in power should try to look less powerful than they are 	<ul style="list-style-type: none"> • There should be an order of inequality in this world in which everybody has a rightful place; high and low are protected by this order • A few people should be independent; most should be dependent • Hierarchy means existential inequality • Subordinates consider superiors as a different kind of people • Superiors are inaccessible • Power is a basic fact of society that antedates good or evil. Its legitimacy is irrelevant • Power-holders are entitled to privileges • Those in power should try to look as powerful as possible

<ul style="list-style-type: none"> • The system is to blame • The way to change a social system is to redistribute power • People at various power levels feel less threatened and more prepared to trust people • Latent harmony exists between powerful and powerless • Cooperation among the powerless can be based on solidarity 	<ul style="list-style-type: none"> • The underdog is to blame • The way to change a social system is to dethrone those in power • Other people are a potential threat one's power can rarely be trusted • Latent conflict exists between, the powerful and the powerless • Cooperation among the powerless is difficult to attain because of their low-faith-in-people norm
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Table 2: Power distance reproduced from in “National Cultures in Four Dimensions: A Research-Based Theory of Cultural Differences among Nations” by G. Hofstede, *International Studies of Management & Organization*, 1983, 13, p.60.

2.3.3.2 Individualism vs. Collectivism

Individualist countries are referred to countries based on “loosely knit social framework” (Hofstede, 1980, p. 45). In this kind of system, it is expected from people to take care of themselves and their close relatives. On the other hand, in collectivism, the social framework is tighter. It means that people differentiate between in- and out-group; it is expected from the in-group to look after each other. In exchange for this, unquestioned loyalty is desired (Hofstede-Insights, 2019; Hofstede, 1980, 1983).

Collectivism	Individualism
<ul style="list-style-type: none"> • In society, people are born into extended families or clans who protect them in exchange for loyalty • “We” consciousness holds sway • Identity is based in the social system • There is emotional dependence of individual on organisations and institutions • The involvement with organisation is moral • The emphasis is on belonging to organisations, membership is the ideal 	<ul style="list-style-type: none"> • In society, everybody is supposed to take care himself/herself and his/her immediate family • “I” consciousness holds sway • Identity is based in the individual • There is emotional independence of individual from organisations or institutions • The involvement with organisations is calculative • The emphasis is on individual initiative and achievement; leadership is the ideal

<ul style="list-style-type: none"> • Private life is invaded by organisations and clans to which one belongs; opinions are pre-determined • Expertise, order, duty and security are provided by organisation or clan. • Friendships are predetermined by stable social relationship, but there is need for prestige within these relationships • Belief is placed in group decisions • Value standards differ for in-groups and out-groups (particularism) 	<ul style="list-style-type: none"> • Everybody has a right to a private life and opinion • Autonomy, variety, pleasure, and individual financial security are sought in the system • The need is for specific friendships • Belief is placed in individual decisions • Value standards should apply to all (universalism)
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Table 3: Individualism vs. Collectivism in “National Cultures in Four Dimensions: A Research-Based Theory of Cultural Differences among Nations” by G. Hofstede, *International Studies of Management & Organization*, 1983, 13, p.62.

2.3.3.3 Uncertainty Avoidance

Uncertainty avoidance is defined as the degree to which people accept ambiguous and uncertain situations. High uncertainty avoidance societies try to avoid uncertainty as they feel threatened by it. For example, they place high value in job stability, tend to establish formal rules and stick to it consequently, deviant behaviour and ideas are not tolerated. On top of it, those societies are characterized by a stronger level of aggressiveness and anxiety, leading to hard working people. Low uncertainty avoidance, on the contrary, is referred to countries with higher tolerance to deviance, uncertainty about the future and a relaxed attitude with practice being more important than norms (Hofstede-Insights, 2019; Hofstede, 1980, 1983).

Weak Uncertainty Avoidance	Strong Uncertainty Avoidance
<ul style="list-style-type: none"> • The uncertainty inherent in life is more easily accepted and each day is taken as it comes • Ease and lower stress are experienced • Time is free • Hard work, as such is not a virtue • Aggressive behaviour is frowned upon 	<ul style="list-style-type: none"> • The uncertainty inherent in life is felt as continuous threat that must be fought • Higher anxiety and stress are experienced • Time is money • There is an inner urge to work hard • Aggressive behaviour of self and others is accepted

<ul style="list-style-type: none"> • Less showing of emotions is preferred • Conflict and competition can be contained on the level of fair play and used constructively • More acceptance of dissent is entailed • Deviation is not considered threatening: greater tolerance is shown • The ambiance is one of less nationalism • More positive feelings toward younger people • There is more willingness to take risks in life • The accent is on relativism, empiricism • There should be as few rules as possible • If rules cannot be kept, we should change them • Belief is placed in generalists and common sense • The authorities are there to serve citizens 	<ul style="list-style-type: none"> • More showing of emotions is preferred • Conflict and competition can unleash aggression and should therefore be avoided • A strong need for consensus is involved • Deviant persons and ideas are dangerous, intolerance holds sway • Nationalism is pervasive • Younger people are suspect • There is a great concern with security in life • The search is for ultimate, absolute truths and values • There is a need for written rules and regulations • If rules cannot be kept, we are sinners and should repent • Belief is placed on experts and their knowledge • Ordinary citizens are incompetent compared with the authorities
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Table 4: Uncertainty Avoidance in “National Cultures in Four Dimensions: A Research-Based Theory of Cultural Differences among Nations” by G. Hofstede, *International Studies of Management & Organization*, 1983, 13, p.61.

2.3.3.4 Masculinity vs. Femininity

Masculine society indicates favourable tendency towards values such as achievement, materials goods, assertiveness, heroism and money. Competition is dominating those societies. Feminist societies, on the opposite, are oriented towards values of caring for weak, cooperation, modesty and quality of life. People prefer to reach a consensus. Overall, the difference between the gender role is also more pronounced in masculine culture (Hofstede-Insights, 2019; Hofstede, 1980, 1983).

Masculinity	Femininity
<ul style="list-style-type: none"> • Men should be assertive. Women should be nurturing • Sex roles in the society are clearly differentiated 	<ul style="list-style-type: none"> • Men need not be assertive, but can also assume nurturing roles • Sex roles in society are more fluid

<ul style="list-style-type: none"> • Men should dominate society • Performance is what counts • You live in order to work • Money and things are important • Independence is the ideal • Ambition provides the drive • One admires the successful achiever • Big and fast are beautiful • Ostentatious manliness is appreciated 	<ul style="list-style-type: none"> • There should be equality between sexes • Quality of life is important • You work in order to live • People and environment are important • Interdependence is the ideal • Service provides the motivation • One sympathizes with the unfortunate • Small and slow are beautiful • Unisex and androgyny are ideal
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Table 5: Masculinity vs. Femininity in “National Cultures in Four Dimensions: A Research-Based Theory of Cultural Differences among Nations” by G. Hofstede, *International Studies of Management & Organization*, 1983, 13, p.63.

2.3.3.5 Long-Term Orientation vs. Short-Term Orientation

After further research, Hofstede decided to add a fifth dimension to his framework, namely long-term orientation. Long-term oriented societies are concerned about the future. They defend pragmatic values such as rewards, saving and capacity for adaptation. Short-term oriented societies, on the other hand, focus on the past and the present. They value steadiness, the respect of traditions, reciprocation and social obligations (Hofstede-Insights, 2019; Hofstede & Hofstede, 2005) .

Short-term Orientation	Long-term Orientation
<ul style="list-style-type: none"> • Effort should produce quick results • Social pressure towards spending • Respect for traditions • Concern with personal stability • Concern with social and status obligation • Service to others is an important goal 	<ul style="list-style-type: none"> • Perseverance, sustained efforts toward slow results • Thrift, being sparing with resources • Respect for circumstances • Concern with personal adaptiveness • Willingness to subordinate oneself for a purpose • Children should learn to save money and things

Table 6: Short-term vs. Long-term Orientation compiled from “Cultures and Organizations: Software of the Mind” by G. Hofstede, G.J. Hofstede & M. Minkow, McGrawHill, 2010, p.243, 275.

2.3.3.6 Indulgence vs. Restraint

The last dimension was also added to a later point in time. Indulgent countries “have a tendency to allow relatively free gratification of the basic and natural human drives related to enjoying life and having fun”(Hofstede-Insights, 2019). On the opposite, restrained societies estimate that the gratification of needs should be regulated by strict social norms (Hofstede et al., 2010).

Indulgence	Restraint
<ul style="list-style-type: none">• Higher percentage of very happy people• A perception of personal life control• Higher importance of leisure• Higher importance of having friends• Thrift is not very important• Loose society• More likely to remember positive emotions• Less moral discipline• Positive attitude• More extroverted personalities• Maintaining order in the nation is not given high priority	<ul style="list-style-type: none">• Lower percentages of very happy people• A perception of helplessness: what happens to me is not my own doing• Lower importance of leisure• Lower importance of having friends• Thrift is important• Tight society• Less likely to remember positive emotions• Moral discipline• Cynicism• More neurotics personalities• Maintaining order in the nation is considered a high priority

Table 7: Indulgence vs. Restraint compiled from “Cultures and Organizations: Software of the Mind” by G. Hofstede, G.J. Hofstede, M. Minkow, McGrawHill, 2010, p.291,297.

2.3.4 Other Cultural Theories

In this section, other cultural frameworks will be briefly reviewed. Firstly, Schwartz’s framework is based on human values. He defines three dimensions that can be used for cross-cultural studies. Conservatism is defined as individuals in a culture that are seen as entity part of a collectivity. The status quo is emphasized to avoid disruption in the solidarity of the group. On the opposite, autonomy is referred to cultures where the individual is seen as autonomous, seeking to express his own internal attributes. The second dimension is labelled hierarchy vs. egalitarianism. In hierarchy,

there is a need to have a clear distribution of the roles and allocation of resources. However, in egalitarian cultures, the emphasis is put on shared interests, the importance of cooperation and focus on the welfare of everyone. The third dimension is named mastery vs. harmony. Mastery is about changing the world to fit it to our will and show control. While harmony tries to preserve the world how it is by avoiding changes. The dimensions are somehow related to Hofstede's dimensions and significant correlation have been found. Schwartz argues that his dimensions are still different in terms of sample used, point of investigation, and methodology. The main drawback of this framework is that it is not been used a lot in marketing contexts and that some countries have not been investigated (Hsu, Woodside, & Marshall, 2013; Schwartz, 2006; Steenkamp, 2001; Schwartz in Uichol, Triandis, Kagitcibasi, Choi, & Yoon, 1994).

Another framework developed based on Hofstede's dimension is GLOBE standing for "Global Leadership and Organisational Behaviour Effectiveness". The aim of this framework is to identify cultural values and practices and their impact on organisation and leadership. Nine cultural dimensions are identified (Hofstede, 2010; House et al., 2002). a) Uncertainty avoidance is defined as focus on social norms, rituals and clear practices to avoid unpredictability of the future. b) Power distance is the level of acceptance of unequal power distribution. c) Societal collectivism is referring to the degree to which organisations and institutions reward collective action and allocation of resources. d) In-group collectivism consists of the extent of loyalty, pride and cohesiveness that the people express to their families or organisation. e) Gender egalitarianism is related to the way a society focus on the reduction of gender differences and discrimination. f) Assertiveness is defined as the level of aggressiveness, confrontation and assertiveness that people show in their relationships. g) Future orientation consists of the degree of emphasis put into planning, and future investment. h) Performance orientation "refers to the extent to which an organisation or society encourages and rewards group members for performance improvement and excellence"(House et al., 2002, p. 6). i) Human orientation is the last dimension and it is related to the level of which fairness, altruism, generosity, friendliness and care is encouraged and rewarded. It was concluded that cultural factors and organisational contingencies are predicting the behaviour and attributes of a leader and the organisational practices (House et al., 2002). Therefore, it is less adapted to measure consumer behaviour.

Other authors have also reviewed the dimensions of culture and came with similar concepts (Inglehart & Norris, 2003; Steenkamp, 2001). A comparative table (Table 8) is provided below, which shows that even though no consensus is reached on which dimensions fully represent culture, they all

see it as a multi-dimensional construct with similar orientations (Richter et al., 2016). In appendix I, a comparison table with other cultural models can be found.

	Hofstede (1980)	Inglehart and Baker (2003)	Schwartz (1994, 2006)	Steenkamp (2001)
Authority	Power distance	Traditional vs. Secular-rational	Egalitarian vs. hierarchy	Egalitarian vs. hierarchy
Self and Group	Individualism vs. collectivism	Survival vs. self-expression	Autonomy vs. embeddedness	Autonomy vs. collectivism
Social/natural environment	Masculinity vs. femininity		Mastery vs. harmony	Mastery vs. nurturance
Uncertainty	Uncertainty avoidance			Uncertainty avoidance
Time	Long-term Orientation			Mastery/nurturance

Table 8: Comparison of Major Cultural Theories and Dimensions adapted from “ Critical Tests of Multiple Theories of Cultures’ Consequences: Comparing the Usefulness of Model by Hofstede, Inglehart and Baker, Schwartz, Steenkamp, as well as GDP and Distance for Explaining Overseas Tourism” by S. Hsu, A. Woodside, R. Marshall, Journal of Travel Research, 2009, 52, p.682.

2.3.5 Choice of Framework

It was decided to use the Hofstede dimensions to operationalize national culture. The reason to choose this model is because it is one of the most extensive and cited work in terms of culture (Soares, Farhangmehr, & Shoham, 2007; Steenkamp, 2001). Further, the other frameworks are more recent and less information is available on the different indexes. For example, not all countries have available values. In addition, they have not been applied to marketing context in a consistent way. On the contrary, Hofstede has been used to research different marketing issues such as consumer innovativeness behaviour, new product development, consumer response to market signals of quality, etc.(Soares et al., 2007; Steenkamp, 2001) (See Table 9). This shows that it has already had robust applications. The Dutch researcher sent a questionnaire to 67 countries, he targeted employees from the same company. Data were collected in 1968 and again in 1972 using the same 150 questions. He gathered relevant information for 50 countries in total (Hofstede, 1983) making it one of the most

comprehensive framework. Besides, it can be seen in the table above that a few comparative studies have been done and that many of the existing frameworks have similar dimensions as Hofstede (Soares et al., 2007) (See table 8). Further, a replication of Hofstede was pursued in the aviation industry. It was successful, showing the influence of national culture on behaviours (Merritt, 2000).

However, the debate about the validity of the model is well documented and some drawbacks are outlined. The opponents argue that Hofstede's dimensions are outdated as they have been collected more than 50 years ago. In addition, it is discussed that they do not represent the true dimensions of culture. In fact, the research sample used to derive the characteristics is only based on employees employed at IBM. Therefore, the validity of the sample is questioned as the influence of the company may have biased the answer. Further, the population studied is not a market, which led to critics concerning the application of the findings for marketers (Holden, 2004; Steenkamp, 2001). Nonetheless, the arguments assessing the robustness and the accessibility of the indexes described in the previous paragraph are outweighing these critics.

	Individualism	UA	PD	Masculinity	LTO
Innovativeness	X	X	X	X	X
Service Performance	X		X	X	
Advertising appeals	X	X	X		
Information Exchange Behaviour		X	X		
Sex Role Portrays				X	

Table 9: Impact of Hofstede's Dimensions in International Marketing and Consumer Behaviour in "Hofstede's dimensions of culture in international marketing studies" by M. Soares, M. Fahrangmehr, A. Shoham,, Journal of Business Research, 2007, 60, p.281.

2.4 PART IV: Connection between PWYW and Culture

2.4.1 Culture and PWYW Drivers

This section aims to connect the dimensions of Hofstede with drivers of PWYW. To build testable propositions, the influence of culture on similar domains such as consumer behaviour, decision making, and tipping will be taken as background. Culture has a high potential to influence the PWYW pricing mechanism. The impact of culture on decision-making was demonstrated (Yates & de Oliveira, 2016). Specifically, a recent study proved that national culture was influencing consumer behaviour in terms of financial decision making. They showed that cultural dimensions such as masculinity and long-term orientation had a moderating effect on their financial decision making of related marketing campaigns (Petersen, Kushwaha, & Kumar, 2015). PWYW is also a financial decision as the buyer has to decide how much to pay for a product or service. However, culture is usually treated as a contextual variable (Sabiote, Frías, & Castañeda, 2012; Smith et al., 2011; Van Birgelen, De Ruyter, De Jong, & Wetzels, 2002). Therefore, one needs to test the impact of culture on the relationship between drivers or settings and PWYW. It is not possible to test the impact of culture on all the different drivers or setting. Usunier et al. (2013) argue that culture influence consumer values, and attitudes. Fairness, price consciousness, altruism and reciprocity represent attitudes. Consequently, it has been decided to focus on the impact of culture on the buyer characteristics, because they represent traits that have high potential to be influenced by national culture and perhaps influence the PWYW behaviour.

For the scope of this thesis, it is not feasible to test the impact of culture on all the buyer characteristics. Thereof, the researcher decided to focus on one specific factor; fairness. This driver has been chosen because, firstly, it has consistent results regarding PWYW. In fact, researchers are almost unanimous about the positive effect of fairness on PWYW (Chung, 2017; Kim et al., 2009; Kunter, 2015; Schons et al., 2014). Secondly, the concept of fairness has already been tested across cultures. It has been shown that different cultures have different perceptions of fairness (Mattila & Patterson, 2004; Tata, 2005; Wang, Mattila, & Wang, 2011). This proves that the concept of fairness is of crucial interest when taking the cultural perspective of the PWYW pricing mechanism.

2.4.2 Power Distance and PWYW

Individuals in cultures having high power distance (HPD) try to maximize their power and do not focus on inequalities. People in those cultures tend to belong to different social classes with different opportunities, but they accept these discrepant statuses (Hofstede et al., 2010). It has been proved that people fearing inequity, hence, caring for fairness pay more (Chung, 2017; Kim et al., 2009; Kunter, 2015; Schons et al., 2014). However, in high power distance cultures, individuals tend to accept inequalities. (Hofstede, 1983). Further, evidence suggests that power distance has an effect on perceived fairness (Summereder, Streicher, & Batinic, 2014); High power distance cultures react less negatively to unfair treatment than low power distance culture (T. Y. Kim & Leung, 2007). Thus, high power distance cultures may weaken the relationship between fairness and PWYW, because it does not matter whether the seller is treated fairly or not. Overall it is suggested that,

Hypothesis 1: The relationship between fairness and PWYW is moderated negatively by power distance

2.4.3 Individualism and PWYW

Cultures oriented toward individualism tend to have a calculative involvement with organisations (Hofstede, 1983). This suggests that buyers may not really care about the long-term effect of their payment. Fairness might therefore not be their primary concern. Yates and de Oliveira (2016), found that individualists fear more to incur loss. Connecting this finding to PWYW, it suggests that PWYW entailing a lot of uncertainty about how much to give, individualism-oriented culture may fear to give too much and undergo a loss. In addition, they found that bargaining is more frequent in those cultures suggesting that fairness is not always respected (Yates & de Oliveira, 2016). Finally, Lynn et al. (1993) found that tipping was more prevalent in collectivist cultures than in individualistic ones. This supports the fact that voluntary payment might be more normal in collectivistic cultures. Overall, behaviours related to fairness (e.g. organizational citizenship behaviour) have been identified in societies oriented toward collectivistic values (Broesch et al., 2009; Moorman & Blakely, 1995). Hence, it seems like individualism has a high potential to weaken the relationship between fairness and PWYW. It is hypothesized that,

Hypothesis 2: The relationship between fairness and PWYW is negatively moderated by individualism.

2.4.4 Masculinity and PWYW

Masculine cultures have been associated with competitive, aggressive and assertive behaviour. They tend to care more for themselves than for the wealth of others (Hofstede-Insights, 2019; Hofstede, 1983; Hofstede et al., 2010; Smith et al., 2011). One research hypothesizes that masculinity has a negative impact on fairness. The authors suggest that masculine cultures care about financial rewards and as long as they are satisfied, they do not consider if the outcome was fair or not (Lund, Scheer, & Kozlenkova, 2013). Knowing that no concern for fairness has a negative impact on PWYW (Chung, 2017; J. Y. Kim et al., 2009; Kunter, 2015; Marett et al., 2012; Schons et al., 2014), it suggests that masculine cultures moderate negatively the relationship between fairness and PWYW.

Hypothesis 3: The relationship between fairness and PWYW is negatively moderated by masculinity.

2.4.5 Uncertainty Avoidance and PWYW

In general, countries with high uncertainty avoidance accord importance to written and clear rules, they like to reduce the uncertainty of situations and they do not like ambiguity (Hofstede, 1983). PWYW is rather a risky mechanism entailing uncertainty, as it is rather new, and people may not have seen it before (J. Y. Kim et al., 2009). In addition, there is high uncertainty in terms of the amount one is supposed to give. When linking uncertainty avoidance with fairness, it has been demonstrated that high uncertainty avoidance cultures are more inclined to act fairly as an unfair behaviour is synonym to discussion and conflict (Lund et al., 2013); a situation those cultures try to avoid. These two arguments suggest that in order to reduce the uncertainty of the situation e.g.; the potential risk of giving too little money and being subject to an internal conflict, people in high uncertainty avoidance culture might give more money. Further, Hofstede (1983) argues that there is a need for consensus in high uncertainty avoidance cultures. This may suggest that buyer and seller need to agree on a price that accommodates both parties interests. Thus, high uncertainty avoidance might strengthen the relationship between fairness and PWYW. Overall, it is hypothesized the following,

Hypothesis 4: The relationship between fairness and PWYW is moderated positively by uncertainty avoidance.

2.4.6 Long-Term Orientation and PWYW

Long-term oriented countries value savings and are caring for their future (Hofstede, 1983). Therefore, long-term oriented cultures might be reluctant to spend money where they could actually save it by free-riding the PWYW system. Research showed that companies in culture oriented towards long-term were more likely to price to obtain profit maximization rather than satisficing behaviour (McCann & Shinkle, 2017). This suggests that concern for fairness is less important than the profit one can derive when price setting. These findings provide strong arguments for a negative moderating effect of long-term orientation on the relationship between fairness and PWYW. It is suggested that,

Hypothesis 5: The relationship between fairness and PWYW is negatively moderated by long-term orientation

2.4.7 Indulgence and PWYW

Countries scoring high on indulgence tend to value fun and deviance. They value less moral discipline than restrained culture (Hofstede et al., 2010). Moral can be connected to fairness, as people with lower moral tend to adopt deviant behaviour (Mullen & Nadler, 2008). Acting unfairly can be considered as deviant behaviour. Therefore, in high indulgence culture, fairness might be less of a concern and it might be more tolerated to free-ride in the PWYW pricing mechanism. Consequently, it can be argued that indulgence will have a negative moderating impact on the relationship between fairness and PWYW. See figure 2 for a graphic representation of the hypotheses.

Hypothesis 6: The relationship between fairness and PWYW is negatively moderated by indulgence.

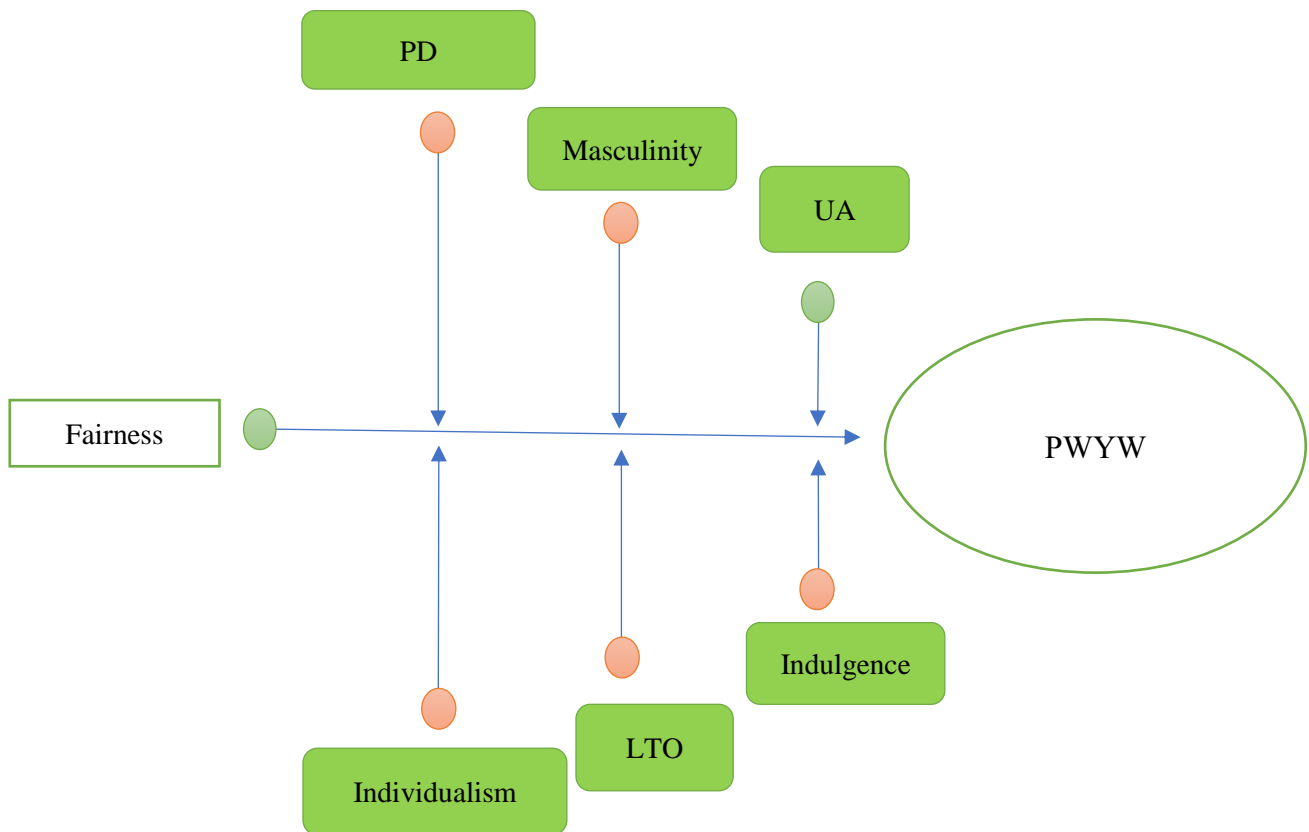


Figure 2: Own Model based on Literature Review

3. METHODOLOGY

The methodology section aims to explain and reflect on the way the research question will be answered. To look at the methodology from a structured point of view, it was decided to adopt the research onion model (see Figure 3) as a blueprint (Saunders, Thornhill, & Lewis, 2009). From the external layers to the internal layers, each one will be reviewed.

This thesis adopts a descriptive point of view as it tries to describe the impact of different variables on PWYW and especially the role of culture (Saunders et al., 2009).

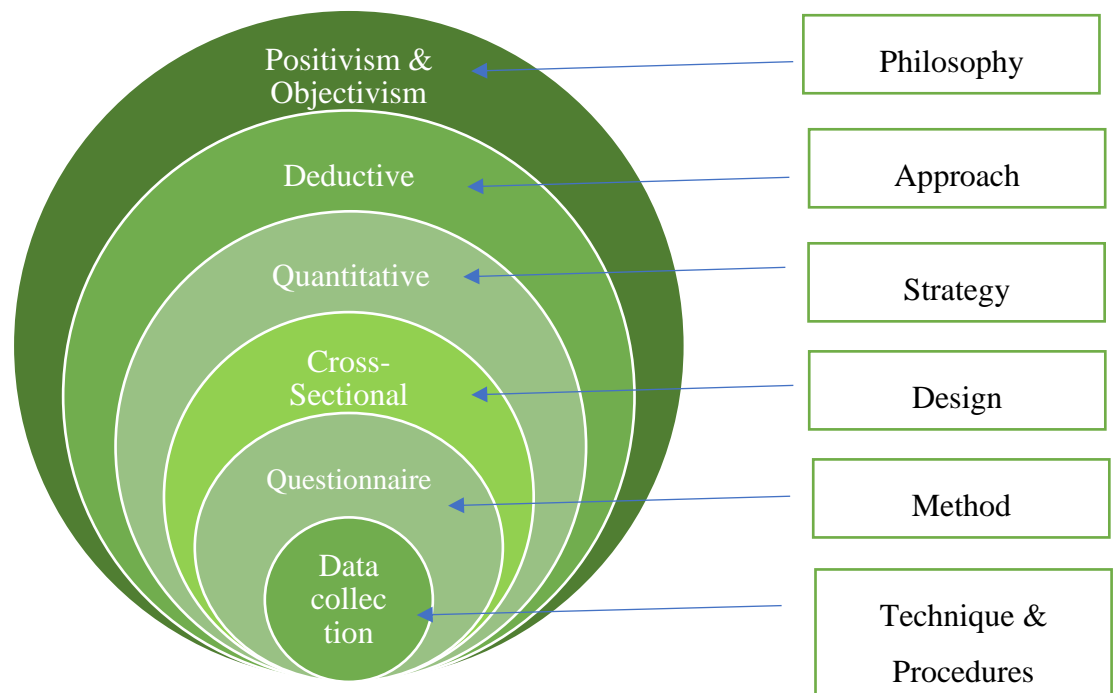


Figure 3: The Research Onion, adapted from “Research Method for business students”, by M. Saunders, P. Lewis & A. Thornhill in 5th Edition, Prentice Hall, 2009, p. 108.

3.1 Philosophy of Science

Philosophy of science is related to the way knowledge is developed and the nature of it (Saunders et al., 2009). As soon as new knowledge is developed, it is important to acknowledge the perspective of the world that is taken. It enables to underpin the underlying assumptions of the researcher (Saunders et al., 2009). Epistemology and ontology are used to explain the point of view adopted.

3.1.1 Ontology

Ontology is connected with the assumptions the researcher uses related to the functioning of the world. In this thesis, an objectivist view is taken. Objectivism considers that “social phenomena and their meanings have an existence that is independent of social actors” (Bryman, 2016, p. 29). Here, culture is seen as something similar to an object with some specific characteristics. Culture is treated as a phenomenon that is composed of values, traditions and principles that are external to the individuals. People are socialized and constrained by these aspects (Bryman, 2016).

3.1.2 Epistemology

Epistemology deals with what “constitutes acceptable knowledge in a field of study” (Saunders et al., 2009, p. 112). For the purpose of this thesis, a positivist approach is to be adopted. It means that a scientific perspective is taken, where social reality is observable. This is exactly what is done in this report, firstly existing theories are used to develop hypotheses. These hypotheses will later on be tested and according to statistics; they will be accepted or refuted (Bryman, 2016; Saunders et al., 2009). Consequently, new knowledge is built that can be subject to further testing and elaboration. In the present case, data about the amount people pay in PWYW situations are collected and they constitute facts that can be analysed and compared across culture. In this kind of approach, the researcher does not affect and is not affected by the respondents (Saunders et al., 2009).

3.2 Approach

This thesis adopts a deductive approach. Theories and literature are gathered about the topic of PWYW and culture. Further, the researcher uses those general findings to build a theoretical framework relating the two concepts. Therefore, a general approach is taken, and it leads to a specific model that will be tested in a specific context. Deduction is characterized by a few aspects. Firstly, it aims at explaining causal relationship between variables. Here, the relationship between fairness, PWYW and the moderating impact of culture is tested. Secondly, another characteristic of this approach is to control for other variables to ensure that what is measured is valid (Saunders et al., 2009). Consequently, not only fairness but other drivers and different settings are accounted for. Further, it is important that the concepts can be measured in a quantitative way. This implies that the

concepts need to be defined precisely to be operationalized. This is done by using existing scales to measure the different aspects. Finally, it is important that the sample size is consequent to enable generalization of the findings.

3.3 Research Strategy

For the purpose of this thesis, a mono-method will be taken; only a quantitative approach will be used (Saunders et al., 2009). This strategy results from the philosophy of science that was adopted. positivism and objectivism are usually associated with quantitative methods as it takes an external, scientific point of view (Bryman, 2016). The researcher wants to be able to test the hypotheses with statistical means to have a concrete idea of the impact of the cultural dimensions on PWYW. Thereof, a self-administered questionnaire will be used to test the impact of culture on the relationship between fairness and PWYW.

3.4 Research Design

The design used for this thesis is a cross-sectional design. According to Bryman (2016), this design consists of collecting data at a single point in time on a sample of cases. In this research, a large number of participants were selected, and they were asked to answer some questions at a single point in time. This design enables to identify patterns of association (relationship), but no causal effects (Bryman, 2016). The main reason behind the choice of this design is the resources and time constraints.

3.5 Research Method: Self-administered Questionnaire

Following the line of the philosophy of science, the strategy adopted and the design, the use of questionnaire seems to be an evidence. It perfectly matches the point of view taken in this thesis and it is one of the most used tools to collect quantitative data. Further, surveys are recommended to collect data about consumer behaviours and attitudes (Cooper & Schindler, 2014). This is what it is aimed for in this study: detect different consumer behaviour across cultures. An additional reason to choose questionnaire is that real life data on PWYW that are comparable across countries are hard to

find. Since the impact of culture on PWYW has not been explored before, the survey will enable to test different drivers in a more controlled way. Hence, it will prepare the ground for further real settings observations.

The drawback of surveys in pricing strategy is that people only indicate their willingness to pay. This may not represent the actual amount they would leave. However, some authors studying the PWYW mechanism used hypothetical surveys or experiments and managed to derive significant results (Armstrong Soule & Madrigal, 2015; Johnson & Cui, 2013; Schmidt et al., 2015). Despite the focus set on the relationship between fairness and PWYW, the researcher decided to include other buyer characteristics in the survey. This will enable to test for other relationships and add more control to the research. Since the research gap was identified in Kim et al. (2009) paper, it was decided to use the same drivers as they did to ensure consistency. It would have been optimal to test all the possible drivers that exist, but this is not possible due to time and resource constraints. Further, the questionnaire would have been too lengthy, and it would have led to respondent fatigue. This phenomenon occurs when participants start to get bored with the survey and the quality of the answers decrease, because they just aim to be done (Vogt, 2005).

3.5.1 Measures

The questionnaire is built in the following way. Firstly, some general information about the participants are asked. As the researcher is interested in students only, some filter questions are used to reach this specific target group: “Are you a student?”, “Which level of education are you enrolled in?”. Further, the country of study, the country where the participant is born and the one where he is raised are asked.

In the next part, the buyer’s general characteristics will be assessed. It has been decided to test the characteristics of the participants at the beginning (altruism, fairness and price consciousness). This means that they do not know that it will be connected with PWYW later. It is structured in a way that it seems like it is two different studies. Thus, social desirability, one of the main issues in those types of survey will be reduced. Social desirability leads to biased results as participants answer questions in order to look socially acceptable (Vogt, 2005). In fact, people do not know the intention behind those questions and therefore, they might answer more sincerely than if it is connected straight to PWYW.

Bryman (2016) advises using items from previous research as they have already been pretested. As it has been decided to focus on the drivers used by Kim et al. (2009), their research is used as a reference point (see Table 13). The construct of altruism, loyalty, fairness, price consciousness, customer satisfaction, reference price and income have been used to design the present survey. As fairness is the main driver, it was also decided to test it independently of the scenario using Rabin's definition to build the scale (1993).

Secondly, to make the research as realistic as possible, it was decided to use scenarios. Scenarios give the participants some background information in order to increase the resemblance with a real-life situation. Hence, it should facilitate the immersion of participants in the hypothetical situation and consequently, the behavioural response should be closer to reality.

Scenario n°1: McDonald

The first scenario was inspired by Dorn and Suessmair (2017)'s article. They used the well-known fast-food brand, McDonald, to test the concept of PWYW. McDonald has already been used for cross-national data, for example the Big Mac Burger is used to evaluate purchasing power by The Economist and to create the Big Mac Index (The Economist, 2019). It shows that it is a product that is internationally relevant and available, which is good to evaluate paying behaviour. In the scenario used in previous research, it was pretended that it was McDonald's 100th anniversary and they would offer a Big Mac for the price customers wanted to pay. For this thesis, the concept of anniversary was removed as it can be linked to promotion and people would expect cheap prices. This would bias the responses. Thereof, the scenario only explains that McDonald is trying a new pricing mechanism and they can pay what they want to the cashier. In this scenario, an external reference price will be given for the Big Mac based on real-life price. In addition, it hypothesizes that a "face-to-face" interaction occurs between the buyer and the seller. Besides, a few articles recommend using specific products or services with low cost per unit to ensure better result with PWYW (Chao et al., 2015; J. Y. Kim et al., 2009; Schmidt et al., 2015), which is the case for Big Mac. However, a drawback is that it is a big brand and people may have the feeling that it will not harm them if they do not pay. A similar situation happened at the travel agency in Spain. Customers decided to underpay the company, because they thought the company will not lose money anyway (León et al., 2012). Lastly, fairness and loyalty are tested. The different constructs measured in each scenario can be found in table 10.

Scenario n°2: Cinema ticket

The second scenario will test another service, which is a cinema ticket purchased online. It suggests to the participants to imagine that they saw a new trailer that they really enjoyed. Consequently, they buy a ticket online for the movie session the next afternoon. This scenario is inspired by Kim et al.'s paper (2009), where cinema tickets in real settings were purchased. In addition, a similar scenario offering concert ticket has also been tested previously (Armstrong Soule & Madrigal, 2015; Johnson & Cui, 2013). However, a movie ticket was preferred as concert tickets can get quite expensive and bias the results. Movie tickets have high fixed cost and low variable cost as recommended by Kim et al (2009). An external reference price will be given. In addition to the previous scenario, the internal reference price of the buyer will be asked. On the opposite, here, there is no interaction, it is an anonymous setting. Only fairness is tested in this case.

Scenario n°3: School Canteen

The third scenario relates to a very student-oriented situation. In fact, it has been decided to test a usually well-known place for student: the school canteen. Students are offered to pay what they want for the “today’s dish”. This scenario was created for the purpose of this study. The strength is that the canteen is a convenient place for students that offer affordable prices for meals. Consequently, they may have an accurate internal reference price of the today’s dish price. Here, no external reference price will be given and internal reference price will be asked for. Further, in addition to fairness and loyalty, satisfaction of the customers is tested as they might be able to recall their previous experiences with the canteen food.

The different scenarios were presented in a random order to participants. Finally, some questions related to the socio-demographic characteristics of the participants are asked (income, age and gender, siblings and divorce status of their parents). The survey can be found in the appendix II. To increase the response rate, it is recommended to make the survey attractive (Cooper & Schindler, 2014). Therefore, there was an opportunity to leave contact detail to enter a contest to win a 200 DKK/ 25 € Amazon Voucher.

Culture

The cultural dimensions were not retested, they were assumed based on the country (born and lived most of his or her life) of the participant. Hofstede's cultural index scores were used. Table 11 provides an overview of the different values per country and per dimension.

	McDonald	Movie	Canteen
Fairness Overall	X	X	X
Altruism	X	X	X
Price Consciousness	X	X	X
Fairness Scenario	X	X	X
Loyalty	X		X
Income	X	X	X
Consumer Satisfaction			X
Anonymity		X	
ERP	X	X	
IRP		X	X

Table 10: Overview of the Variables tested in the Different Scenarios in the Questionnaire

	Belgium	Denmark	France	Norway	China	Romania	Slovakia	England	Germany	Netherlands	Switzerland	Italy	Canada	Poland	Spain	Australia	Singapore	Portugal
PD	65	18	68	31	80	90	100	35	35	38	34	50	54	68	57	36	74	63
Individualism	75	74	71	69	20	30	52	89	67	80	68	76	73	60	51	90	20	27
Masculinity	54	16	43	8	66	42	100	66	66	14	70	70	45	64	42	61	48	31
UA	94	23	86	50	30	90	51	35	65	53	58	75	60	93	86	51	8	99
LTO	82	35	63	35	87	52	77	51	83	67	74	61	36	38	48	21	72	28
Indulgence	57	70	48	55	24	20	28	69	40	68	66	30	68	29	44	71	46	33
Number of valid Participants	101	97	34	9	17	13	4	10	10	8	12	3	15	9	9	10	12	2

Table 11: Cultural Dimensions per Countries compiled by the researchers using the data from www.hofstede-insight.com, 2019.

3.5.2 Pre-Testing of the Items and Scenarios

In general, the items to build the constructs were taken from previous surveys and they have been therefore pre-tested. This means that they are supposed to measure correctly what is intended to measure. However, the construct of fairness seemed to be a bit simple and as it is the main construct of this paper, it was decided to add three additional items that are based on Rabin (1993). Nevertheless, it was still decided to pre-test the entire questionnaire with the help of 5 respondents from different countries. The scenarios were also pre-tested to ensure the differences between each situation came across clearly. Overall, the respondents identified correctly the constructs measured and the scenarios were clear. A few amendments were done such as different display, some wording and change of product or service in the scenarios.

3.6 Data Collection

This data collection section is first describing the sampling technique used. Secondly, the sample characteristics are described. Then, the way primary and secondary data are collected is considered.

3.6.1 Sampling technique

For comparative purpose, it has been decided to choose similar samples in the different countries analysed. For practical reasons, students were the target population. The use of students for surveys has been highly discussed and criticized. In fact, they represent a very specific type of population and the generalisation of the findings might be difficult. However, they are the most accessible population to approach with questionnaires. Further, due to comparison reasons, they are perfectly suited as they represent very similar sample. Flere and Lavric (2008) analysed the use of students to test national differences and they assert that they are reliable predictors for those kind of studies. It enables to filter out many other influences such as age, occupation, interest in life etc. giving more importance to the national differences (Richter et al., 2016). To reach this type of respondents a mix of a convenience sample and a snowball sample technique has been used. Convenience sampling is a non-probability sampling procedure that select respondents based on the easiest way to obtain them (Saunders et al., 2009). Hence, tools such as Facebook, emails, personal

approach at school were used. However, as the geographical scope of this thesis is quite expansive, the researcher needed to use the snowball sampling on top. In fact, to collect a decent number of respondents from 18 different countries, it has been asked to specific participants from specific countries to share the link of the survey to their acquaintances. This is exactly how snowball sampling technique is described (Saunders et al., 2009).

3.6.2 Sample Characteristics

In total, 761 answers were gathered. However, a high drop-out rate (27.1 %) was detected as only 555 participants completed the survey until the final question. After organizing the database and selecting participants that were students, born and lived in the same country and were part of the 18 different countries selected, 375 valid participants remained. Just to clarify, countries were used as proxies of culture. Table 11 shows the number of participants per country. Overall, there is a good mix between Master and Bachelor students. However, females are more represented than males (Female = 70.1%; Male = 29.3%). Most students are studying in an area related to business (56.8%). A table presenting the main characteristics of the sample is presented below (Table 12).

Sample Characteristics (N = 375)		
Age	M= 22.98	SD = 2.704
Sibling	M= 1.55	SD = 1.194
Gender	Female = 263 (70.1%) Male = 110 (29.3%) Missing = 2 (.5%)	
Education	High School = 2 (0.5%) Bachelor program = 177 (47.2%) Master program = 196 (52.3%)	
Education field	Business = 213 (56.8%) Medical profession = 46 (12.3%) Law = 17 (4.5%) Engineer = 21 (5.6%) Sciences = 24 (6.4%)	

	Language = 9 (2.4%)
	Other = 42 (11.2%)
	Missing = 3 (.8%)
Divorced parents	Yes = 74 (19,7%)
	No = 294 (78,4%)
	Missing = 7 (1.9%)

Table 12: Results of the Descriptive Statistics of the Sample used

3.6.3 Primary and Secondary Data Collection

The methodology section also enables to look retrospectively on the way the literature review was pursued. Here, a traditional, narrative literature review was done (Bryman, 2016). Thus, the researcher gathered information on different topics based on previous research (secondary data) related to the research question. Firstly, it enabled the readers to get a comprehensive overview of the existing participative and voluntary pricing mechanisms. Secondly, a summary of the tested drivers of PWYW was performed and it allowed to identify the gap in the literature. Thirdly, different cultural frameworks were assessed, and one was chosen based on different criteria. For those topics, the main key words used were “PWYW”, “pricing mechanism”, “voluntary payment”, “national culture”, “cultural framework”, in the research database offered by Copenhagen Business School (Libsearch). It is also important to state that the values for each dimension for the Hofstede framework were also derived from secondary data. In fact, they were retrieved from Hofstede-Insights (2019) and the values were used to build the model. Consequently, they were assumed to be trustful and not retested.

Turning on to primary data, as explained previously, they were collected through the use of self-administered questionnaires. The researcher used different techniques to gather data. Firstly, an online version of the questionnaire was published on Facebook and participants were solicited individually through the same platform. In addition, friends of the researcher were asked to transfer the survey to their acquaintances that matched the selection criteria. The link was also shared in a school through email to 2800 students (in Belgium). Finally, the researcher decided to approach the respondents personally to increase the participation rate (in Denmark). Respondents could use

provided devices to answer or scan a QR code and answer the survey on their phone. It took two weeks to gather enough participants.

3.7 Quality of the Research: Reliability and Validity

This section aims to analyse the quality of the research in terms of validity and reliability.

3.7.1 Reliability

Reliability is referred to as “the extent to which your data collection techniques or analysis procedures will yield consistent findings” (Saunders et al., 2009, p. 156). Bryman (2016) identifies two relevant forms of reliability in quantitative research; internal reliability and stability. The internal reliability assesses whether the multiple items reflecting a construct indeed build a consistent scale. This is checked in the next section using Cronbach’s Alpha measures (Field, 2018). Nonetheless, the biggest drawback of this research is that some constructs were only formed by one item. No similar item was added because the questionnaire was already long. Additional items could have increased the response fatigue leading to biased results. Secondly, stability is checking whether the measures are stable over time (Bryman, 2016). Due to time constraints, the research design was cross-sectional in nature and this cannot be tested. Testing stability over time means that the questionnaire would need to be administered twice to the participants (Saunders et al., 2009).

3.7.2 Validity

In general, validity is defined as “(a) the extent to which data collection or method accurately measure what they intend to measure (b) the extent to which research findings are really about what they profess to be about” (Saunders et al., 2009, p. 603). Similar to reliability, validity is composed of several concepts: internal, measurement, external, ecological, and inferential. First, internal validity assesses the issue of causality (Bryman, 2016). In this research, it is predicted that a higher concern for fairness relates positively to PWYW. This relationship is moderated by cultural dimensions. Since other independent variables (drivers and backgrounds) have been included in the model, it increases the internal validity. However, as a cross-sectional design is used, causality cannot be checked, only relationships and patterns. Consequently, the internal validity is relatively low. A longitudinal research design is needed to improve this aspect.

Measurement validity checks whether a measure of a concept is really measuring it (Bryman, 2016). During the pre-test phase of the survey, it was asked to participants to guess what concept was measured based on the items proposed. The responses obtained were accurate. Participants may not have always identified the exact concept, but the way they defined it corresponded to the definition of the concept.

Thirdly, external validity assesses the extent to which the result of the study can be generalized to the larger population of interest (Bryman, 2016). The sample used in the present study does not represent a statistically representative sample as no systematic method has been used to select the participants. However, this does not mean that the results cannot be generalized at all. The participants used were all students aged between 18 and 38 with reasonable economic situation. Further, the study considered many different countries from different continents, not only European countries. This enables to generalize the findings to a wider student population. Nonetheless, a generalization to a different population than students does not seem legitimate and therefore, the findings should be only applied to this specific type of respondents. In addition, the scenarios tested are all three related to the service sector, this means that the findings can be generalized to this sector. However, other ones should be avoided because they sell different products with different characteristics. For example, in the service industry products and services offered have in general a low per unit cost. Besides, when the product or service is not sold it is lost as there is no inventory e.g. airline seat. This is not the case for other sectors, where unit cost might be too high and the risk of making a loss is too consequent.

Ecological validity is the next criterion to be discussed. It represents the ability to apply the findings to everyday natural settings (Bryman, 2016). The scenarios in the questionnaire have been designed to increase it, by making the situation as realistic as possible. In fact, McDonald, an internationally well-known brand, was used. Going to the cinema and eating a canteen lunch seem also to be plausible situations for students from different countries. However, the biggest drawback is that it is still hypothetical situations. Participants only indicate their WTP and this might differ from the actual price they would give. Fewer thoughts are given when making the decision on how much to discharge. It implies that ecological validity is reduced.

Lastly, inferential validity is “whether the authors produce inferences and draw conclusions that are warranted by their research and the findings generated by it” (Bryman, 2016, p. 42). Here, it is important to stipulate, that the research does not infer causality between variables only a relationship can be detected.

4. ANALYSES

4.1 Factor Analyses

In the questionnaire, different items were used to measure the same construct. For example, the construct of overall fairness consists of three different items. Before building the construct, it is important to test whether these items load into one single construct. For this purpose, principal axis factor analyses have been conducted for each different construct (fairness, altruism, price consciousness, loyalty McDonald and loyalty canteen). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was checked in each of the factor analysis and all the scores were above the 0.5 limit advocated by Kaiser and Rice (1974) (See Appendix III). Further, the corresponding Barlett's measures were also significant in each of the cases, meaning the correlation between the items is not equal to 0 (Field, 2018). These two requirements fulfilled, the varimax rotated factor analyses were analysed to achieve dimensions reductions. It turned out that the items designed for a construct were well matched. In fact, the results always showed that all the items designed to build one specific construct loaded into one factor. The results in table 13 presenting the factor loading for each item, show that all the factor loadings are bigger than .4. This means that the items load on their intended underlying constructs. Loading of below .4 is not considered as meaningful. The higher the loading score, the more the item relates to the other items of that factor (Vogt, 2005). Overall, these results provide convergent validity, meaning items that in theory should be related, are related. The eigenvalue above 1.0 and supported the decision of building one single construct out of the designed items (See Appendix III).

Additionally, the average variance extracted (AVE) for each multi-items construct was calculated. The square root of each of the AVE score was taken and compared to the correlation scores of the other constructs. A table summarizing the square rooted AVE scores and the correlations can be found in appendix IV. This analysis enables to assess discriminant validity, this means that the construct that should in theory not be related are not related (Lewis-Beck, Bryman, & Futing Liao, 2004). To ensure this, the correlation between a particular construct with the other constructs need to be assessed. The highest correlations presented in the table for that particular construct need to lower than the square rooted AVE score of this construct. It can be seen from the table that it is the case for each of them; the square rooted AVE is systematically higher than the maximum correlation. Consequently, one can speak of discriminant validity.

4.2 Reliability of the Scale: Cronbach's Alpha

After the factor analysis, it is important to test the reliability of the scale. This ensures that the items “consistently reflect the construct that it is measuring” (Field, 2018, p. 821). In other words, it means that the different items measure the same idea. If this is the case, the scale is reliable and can be used to measure the construct (Vogt, 2005). It also assesses if the suggestion of the dimensions reduction from factor analysis can be applied. To assess the reliability, the Cronbach's Alpha measure is used. All the items building one construct were tested together. For example, for “overall fairness”, the three corresponding items were tested for reliability together (See Table 13). The limit of an acceptable Alpha score is well discussed. Most authors argue that the value should be between 0.7 and 0.8 (Field, 2018; Kline, 1999). However, according to Nunnally (1978), 0.5 Cronbach's Alpha score can still prove reliability in the scale. The scores can be seen in table 13 below; they are all above 0.5. The overall fairness, altruism and loyalty McDonald constructs have a very decent level of Alpha as it is above 0.8. The loyalty canteen and price consciousness constructs have a score of .612, which is a bit less strong, but still an acceptable level of reliability for these scales. The Cronbach's Alpha output also enables to check if the scale becomes more reliable if one of the items is deleted. However, this was not the case for any of the constructs (See Appendix III). Thereof, all the items were kept, and the constructs were built.

Constructs	Items	Factor Loading	Cronbach's Alpha	Relevant Literature for Scale Items
N= 375				
Fairness Scenario	<ul style="list-style-type: none"> My price paid toward the seller was fair 			L. E. Bolton, Warlop, & Alba, (2003) ; Campbell, (2007);
Fairness Overall	<ul style="list-style-type: none"> When I take a decision, I want it to be fair I treat other fairly I like to be treated fairly 	.829 .799 .877	.871	Rabin, (1993)

Altruism	• I love to help others	.789	.818	Personality item pool J. Y. Kim et al., (2009)
	• I have a good word for everyone	.762		
	• I am concerned about others	.727		
	• I make people feel welcome	.601		
	• I anticipate the needs of others	.577		
Loyalty McDonalds	• I am a regular customer at McDonald	.820	.805	Bettencourt, (1997)
	• I say positive things about McDonald to others	.820		
Loyalty Canteen	• I am a regular customer at the Canteen	.674	.612	Bettencourt, (1997)
	• I say positive things about the canteen to others	.674		
Price Consciousness	• Before I buy a product, I often check the prices of different retailers to obtain the best benefit	.439	.612	Donthu & Gilliland, (1996)
	• I usually purchase items on sale only	.861		
	• I usually purchase the cheapest item	.503		
Income	• Please state your net monthly income			Coleman, (1983)
Satisfaction	• I am satisfied with the product or service consumed			Baker, Grewal, & Parasuraman, (1994)
Reference Price	• What did you pay for the same or similar product on your last shopping trip?			Bearden, Kaicker, Smith de Borrero, & Urbany, (1992)

Table 13: Overview of the Constructs and their Psychometric Quality adapted from “PWYW: a new pricing mechanism” by Kim et al. in *Journal of Marketing*, 73, 2009, p.50.

4.3 Model Construction

This thesis aims to test the moderating impact of Hofstede’s cultural dimensions on the relationship between fairness and PWYW. To control if other variables have an influence on the relationship, other relevant constructs were added to the model. The basic equation is based on Kim et al. (2009). Additionally, cultural dimensions and some extra backgrounds variables were added.

Firstly, the dependent variable is defined in the following way,

$$PWYW_{ij} = WTP_{ij} / RP_{ij} \quad (1)$$

The PWYW amount is determined by willingness to pay (WTP_{ij}) of the customer (i) for a specific good or service (j). This amount is then divided by the reference price (RP). The reference price is the price they recalled paying the last time for a similar product or service (IRP) or a fixed external price given to them (ERP), representing the amount it usually costs. Therefore, the equation represents the amount customer is willing to discharge to the seller based on the reference price (ERP or IRP). This calculation was done to ensure consistency. In fact, the survey was sent to many different countries with different currencies and different reference prices. By using this proportion equation, the currency differences and RP differences that might be due to different living standards and costs are reduced.

The overall model that will be tested using a multiple linear regression analysis can be expressed in the following way:

$$\begin{aligned} PWYW_{ij} = & \beta_0 + \beta_1 FairSce_{ij} + \beta_2 Altruism_i + \beta_3 PriceConsciousness_i + \beta_4 LoyaSce_{ij} + \beta_5 SatisSce_{ij} + \\ & \beta_6 Age_i + \beta_7 Sibling_i + \beta_8 GenderDummy_i + \beta_9 DivorceDummy_i + \beta_{10} PD_i + \beta_{11} Indiv_i + \beta_{12} Masculi \\ & + \beta_{13} UA_i + \beta_{14} LTO_i + \beta_{15} Indul_i + \beta_{16} PD_i \times FairSce_{ij} + \beta_{17} Indiv_i \times FairSce_{ij} + \\ & \beta_{18} Masculi \times FairSce_{ij} + \beta_{19} UA_i \times FairSce_{ij} + \beta_{20} LTO_i \times FairSce_{ij} + \beta_{21} Indul_i \times FairSce_{ij} + e_i \end{aligned} \quad (2)$$

i = indicates that this variable varies across participants

j = indicates that this variable varies according to the product or service tested

It is important to notice that the original model of Kim et al. (2009) entails the variable “income”. This variable was also recorded in the questionnaire. However, many participants decided not to answer this question, meaning a lot of values were missing. Consequently, it was discarded as it had an impact on the entire model due to many participants not taken into account. A further point that requires attention is the fairness variable. In fact, the questionnaire used two different fairness constructs one general one, and one related to each scenario. During the pre-test phase of data analysis, both constructs were tested. It turned out that the fairness construct related to the particular scenario had a higher statistical impact than the overall fairness construct (See Appendix V). This is the reason why the former has been used to create the interaction terms with the cultural dimensions.

The last issue concerns the “loyalty” and the “satisfaction” constructs in the equation. Those two constructs are not present in each of the scenarios, loyalty was only measured in the McDonald scenario and canteen scenario, while “satisfaction” is only present in the canteen scenario. Hence, the results for these variables are not comparable across the different scenarios.

4.4 Regression Analysis

The way the dependent variable (PWYW) was built is explained in the previous section. Based on this, four different situations emerged from the scenarios. In fact, the McDonald scenario gave an external reference price to participants (Scenario 1). The movie scenario also referenced an ERP (Scenario 2A), but asked participants at the same time for the IRP (Scenario 2B). The canteen scenario only asked the IRP (Scenario 3). The reference price was measured in two different ways, because previous research (see 2.2.3.2) argued that internal and external reference price had different influences on PWYW. The researcher wanted to make sure to account for this effect to ensure valid results. Further, it was important to take comparability into account. As the movie scenario measured anonymity and the other did not, it was important to have scenarios measuring PWYW based on ERP in anonymous and in face-to-face setting. In the same line, it was important to have PWYW based on IRP in the two conditions. This is the reason why different scenarios with different conditions were designed. Consequently, four different dependent variables were derived based on equation (1).

To test the six different hypotheses, a multiple linear regression was conducted based on the equation (2). The aim of such regression is to determine which of the drivers has an influence in determining the amount people are willing to discharge to the seller under PWYW conditions for a specific product or service. Before doing the regression with moderators, all the constructs used in the regression need to be mean-centred (except the dummies variables). This has been done in order to avoid multicollinearity between the interaction term and their respective independent terms (Field, 2018).

To check whether the inclusion of additional variables leads to a significant improvement of the model fit, additional variables were added in different steps. First, only the main drivers of PWYW were included (Appendix VI- Model 1). In a second step, the background variables were added (Appendix VII – Model 2) and finally the cultural dimensions as moderators were included (Table 15). To assess if it is valuable to add the different predictors, it is important to look at the R^2 score.

R^2 determine the proportion of variance in the dependent variable explained by the independent variables (Field, 2018). It assesses the percentage of variance in the dependent variable (PWYW) that can be explained by the variables that were added to the equation. At each step, one can look at the R^2 change in each model, which can be interpreted as the increase of the percentage of explained variance after having added the variables at that particular step. Our results show that the R^2 increases after adding variables during the different steps (see Table 14). In the McDonald scenario, Model 1 indicates an R^2 of .169, in Model 2 it increases ($R^2 = .192$) showing that it is worth to include the background variables as they increase the percentage of explained variances. Further, when including the cultural dimensions in Model 3, the R^2 increases again ($R^2 = .297$). The same pattern can be seen in the three other studies. An observation that is relevant to highlight is that the increase in the R^2 is relatively small from Model 1 to Model 2. Except in the canteen scenario, where the R^2 increased from more than .05 from Model 1 to Model 2. However, the increase from Model 2 to Model 3 is much higher. An increase of more than .08 is to depict in the McDonald and movie (ERP) scenarios and of more than .1 in the movie (IRP) and canteen scenarios. Overall, it can be seen that Model 3 has the highest R^2 from the different models and therefore, Model 3 is the strongest in predicting the PWYW behaviour. Movie PWYW (ERP) has the highest R^2 of Model 3, meaning that it is the best one to predict the proportion discharged to the seller. On the contrary, McDonald is the one that predicts the least good PWYW.

	McDonald PWYW	Movie PWYW (ERP)	Movie PWYW (IRP)	Canteen PWYW
R ² Model 1	.169	.274	.154	.123
R ² Model 2	.192	.281	.186	.199
R ² Model 3	.297	.365	.338	.333

Table 14: Overview of the R^2 over Model 1, 2 and 3 for the different Scenarios

Aside from the overall fit, Model 3 (Table 15) presents the results of the individual regression coefficient and their significance level. These will enable to support or reject the hypotheses. Chapter 5 provides the results of the analysis.

In appendix VIII some additional tests have been conducted. These enable to have some other findings to draw on. Further, they provide some insights about the differences between the scenarios.

Model 3

	Scenario 1 McDo -ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Scenario 3 Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.815**	.124	.569**	.118	.903***	.162	1.205**	.138
Fairness_Scenario	.090**	.013	.116**	.012	.100**	.016	.085**	.017
Altruism	-.004	.022	-.005	.021	.006	.030	.007	.026
PriceC	-.001	.016	-.030*	.015	.011	.021	-.003	.017
Loyalty_Scenario	-.003	.013					.014	.019
Satisfaction_Scenario							.015	.018
Age	-.001	.005	.008	.005	-.009	.007	-.013*	.006
Sibling	-.020	.011	-.015	.011	-.010	.015	-.016	.012
Gender Dummy	-.040	.029	.001	.028	.039	.038	-.035	.031
Divorce Dummy	.015	.032	-.019	.031	-.042	.042	-.045	.036
PD	-.001	.002	-.004*	.002	.001	.002	-.003*	.002
Indiv	.000	.002	.001	.002	-.005	.003	-.005*	.002
Mascu	.000	.001	.001	.001	.003*	.001	.001	.001
UA	.001	.001	-.001	.001	.002	.001	.004	.001
LTO	.002*	.001	.003*	.001	-.002	.001	.001	.001
Indulgence	-.003	.002	-.004	.002	9.571 ^{E-5}	.003	-.001	.002
Fairness_Sce*PD	-.006*	.002	.000	.002	.002	.002	.002	.002
Fairness_Sce *Indiv	-.004	.002	-.002	.002	-.002	.003	.001	.002
Fairness_Sce *Mascu	.000	.001	.000	.001	.000	.001	-.001	.001
Fairness_Sce *UA	.002	.001	.001	.001	.001	.001	-.001	.001
Fairness_Sce *LTO	.002	.001	-.002*	.001	-.003*	.001	.002	.001
Fairness_Sce *Indul	.002	.002	.006*	.002	.005	.003	.005	.003
R2	.297		.365		.338		.333	
Adjusted R2	.254		.329		.298		.288	
N	350		350		338		336	

Table 15: Model 3- Overview of the Result of the Linear Regression

Dependent variable: Proportion of price paid according to IRP or ERP depending on the scenario

**p <.001, *p <.05

All variables used have been mean centred

5. RESULTS

5.1 Overview of the Results of the Hypotheses Testing

Here, a quick overview of the hypotheses support and rejection will be given, before digging in each scenario with greater details in the next section. Firstly, the coefficient of “fairness_Scenario” is significant and positive ($p < .001$) in all four scenarios. This is important to highlight as the moderating effect of culture is based on this relationship between fairness and PWYW. The results show that power distance moderates negatively the relationship between fairness and PWYW in the McDonald scenario 1 ($p < .05$), supporting H1. However, this effect is not observed in the other scenarios. H2 predicting a negative influence of individualism over the relationship of fairness and PWYW was not supported. In the same line, no significant results were found for H3 and H4. This leads to conclude that individualism, masculinity and uncertainty do not have an influence on the relationship between fairness and PWYW. Turning on to the impact of long-term orientation, a negative significant moderating effect was found in the movie scenario (ERP and IRP/ 2A and 2B) ($p < .05$), supporting H5. This means that the positive relationship between fairness and PWYW is negatively influenced by cultures scoring high on long-term orientation. Nonetheless, no significant results were found in the McDonald and canteen scenarios. Finally, the indulgence cultural dimension had a positive significant moderating effect in the movie (ERP) scenario ($p < .05$). This result is contrary to the hypothesized negative moderating effect of indulgence. No effect was found in the other scenarios, leading to a rejection of H6. Table 16 provides a summary of the hypotheses support and rejection for the different scenarios.

	H1-PD	H2-Indiv	H3- Mascus	H4- UA	H5- LTO	H6-Indul
Scenario 1-McDo ERP	✓	✗	✗	✗	✗	✗
Scenario 2A-Movie ERP	✗	✗	✗	✗	✓	✗
Scenario 2B-Movie IRP	✗	✗	✗	✗	✓	✗
Scenario 3-Canteen IRP	✗	✗	✗	✗	✗	✗

Table 16: Overview of Hypotheses: Support and Rejection

5.2 Detailed Results

In this section, the results of the different scenarios will be reviewed individually. The focus is set on the hypotheses results, but also on the influence of other predictors.

5.2.1 Scenario 1 – PWYW at McDonald

In this scenario, people gave on average around 75% (SD = .282) of the ERP to the seller for a Big Mac burger. An increase of one unit in perception of fairness in the McDonald situation increases the amount people are willing to pay by 9% ($p < .001$). The other driver coefficients namely altruism, price consciousness and loyalty are not significant. The background variables age, number of siblings, gender (Male = 1), divorced parents (divorced = 1) are also not significant. Regarding the direct impact of the cultural dimensions, only long-term orientation has a significant positive coefficient (coefficient = .002, $p < .001$). This means that the higher the score of long-term orientation in culture, the more people are willing to give from the ERP. Looking at the interaction terms between fairness and culture, power distance has a negative significant moderating effect on the relationship between fairness and proportion of price discharged ($p < .05$). This supports H1. This means that high power distance score weakens the relationship between fairness and PWYW. The other interactions terms coefficients (individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence) are not significant.

5.2.2 Scenario 2A – PWYW for a Movie Ticket (based ERP)

This scenario about buying anonymously a cinema ticket for a chosen price reports that on average participants are willing to discharge 71.3 % of the ERP (SD = .276). Again, the fairness coefficient shows a strong positive impact on the amount people are willing to discharge (coefficient = .116, $p < .001$). On top, price consciousness had a significant negative impact, meaning that the more price conscious the customer is, the less he or she is willing to discharge from her reference price to the seller. None of the background variables had a significant impact. Turning on to the direct influence of the cultural dimensions, the higher the power distance, the lower the price paid (coefficient = -.004, $p < .05$). Further, an increase in one unit of long-term orientation score increases PWYW by .3% ($p < .05$). Looking at the moderating effects, two dimensions had an impact. First,

long-term orientation had a negative moderating impact on the fairness-PWYW relationship. This negative moderating effect of LTO (coefficient = $-.002$, $p < .05$) supports H5. Hence, the higher the long-term orientation, the weaker the relationship between fairness and PWYW. Additionally, a positive moderating effect of indulgence on the relationship was detected. This goes against the predicted hypothesis (H6) direction (coefficient = $.006$, $p < .05$). High indulgence score strengthens the relationship between fairness and PWYW.

5.2.3 Scenario 2B – PWYW for a Movie Ticket (based on IRP)

The results of this scenario show that people were willing to give 67.2% (SD = .379) of their IRP. As in the previous cases, the influence of fairness on PWYW is quite important (coefficient = $.100$, $p < .001$). Altruism and price consciousness do not have a significant impact, neither the background variables do. Regarding the direct impact of the cultural dimension on PWYW, masculinity has a positive significant effect on the price discharged (coefficient = $.003$, $p < .05$). However, no other dimension has a significant influence on the price paid. Lastly, one significant moderating effect of culture was found. Long-term orientation is moderating negatively the relationship between fairness and PWYW (coefficient = $-.003$, $p < .05$), this supports H5. Cultures with long-term orientation weaken the relationship between fairness and PWYW. This means that fairness has a smaller impact on the amount of money that is given. No other moderating significant effects were detected.

5.2.4 Scenario 3 – PWYW for a Canteen lunch (based on IRP)

In this situation, participants were willing to give the highest proportion of their IRP ($M = .849$, $SD = .306$). Here, fairness has the smallest influence out of the four situations. PWYW increases by 8.5% if concern for fairness increases by one unit ($p < .001$). This scenario represents the most complete one in terms of inclusion of PWYW drivers. Nonetheless, none has a significant effect. Regarding the background variables, they are also all insignificant, except for age (coefficient = $-.013$, $p < .05$). The older you are, the less you pay for the today's dish at the canteen. The direct impact of cultural dimensions on PWYW is significant for power and individualism despite small coefficients. The higher the score of power distance and individualism, the lower the price discharged to the seller (coefficient_{PD} = $-.003$, $p < .05$; coefficient_{Indiv} = $-.005$, $p < .05$). None of the moderating

variables had a significant effect on the relationship between fairness and PWYW. This means that the six hypotheses did not receive support in this scenario.

5.3 Results from the Additional Analyses

From the additional tests conducted, the following results can be derived. People pay on average more than zero in any situations. The average proportion given is also relatively high as it is above 60% in all the scenarios. The highest average among the four situations in terms of amount discharged can be found in the canteen scenario ($M = .849$, $SD = .306$). Finally, there is a significant difference in the amount discharged between anonymous and face-to-face situations. In the latter settings, the average price discharged is higher. Nonetheless, as the scenarios involve different products and services, no solid relationship can be derived.

6. DISCUSSION

6.1 General Discussion

In the general discussion, the findings of the research will be reviewed and interpreted. In the first position, the role of culture will be discussed. Then the effects of the main drivers will be reviewed. Following this, the impact of the background variables will also be interpreted.

6.1.1 Role of Culture

Overall, it can be concluded that most cultural dimensions do not moderate the relationship between fairness and PWYW. However, when taking a closer look at each scenario, some significant moderating effects can be observed. For example, the McDonald scenario reveals a moderating effect of power distance. This suggests that, as hypothesized, cultures with high power distance accept inequalities and have lower concern for fairness (Hofstede, 1983). This implies a negative moderating effect resulting in a lower payment for a Big Mac. Furthermore, in the movie scenario (2A and 2B) long-term orientation shows a negative moderating impact. Interpreting those findings, participants in long-term oriented cultures seem to be more oriented toward saving money and making profit (Hofstede & Hofstede, 2005). In those cultures, fairness is therefore less of a priority leading to a weaker effect on the price of the cinema ticket. In addition, in the movie (ERP) scenario a positive moderating effect of indulgence has been found. This is contrary to the hypothesized negative moderating effect of indulgence. It was argued that deviant behaviour and consequently unfair acting was more likely to be tolerated in indulgent cultures (Hofstede et al., 2010). However, this argument does not seem to hold. Instead, it could be stated that because high indulgent cultures are characterised by happy people, they may place emphasis on fairness. In general, a fair situation is more likely to have a positive impact than an unfair one (Brockner, 2006).

The absence of many moderating effects of culture is tricky to explain. One possible reason is that the moderating effect of culture between fairness and PWYW is highly dependent on the settings of the situations. This means that the product or the service offered and the conditions (ERP vs. IRP/anonymous vs. face-to-face) may influence differently different cultures and consequently the fairness behaviour of the consumer. Thus, it is a potential reason why different scenarios had different outcomes in terms of cultural impacts. For example, McDonald Big Mac Burger might be

perceived differently across cultures. Hence, people may act with different level of fairness when paying depending on their culture (Tata, 2005). Maybe high power distance cultures do not support McDonald's values and consequently, they may act less fairly and give less money. Another option that can be considered is that people in high power distance cultures do not like to be subject to an ERP. They might perceive it as being unfair as they should be free to decide on the price. Thus, they lower the amount paid. In the same line, it can be argued that long-term oriented cultures are particularly sensitive to an anonymous setting as the moderating long-term orientation effect was found twice in this setting (Movie scenario 2A and 2B). People in cultures scoring high on this dimension, seem to be more likely to act unfairly when anonymity is emphasized. Another sensible explanation for this effect can also be related to the service offered; Long-term oriented cultures may act less fairly, due to the type of service proposed. For example, as they care about saving for the future (Hofstede-Insights, 2019), they might be more likely to download and stream online for free rather than buying a cinema ticket. The same rationale can be applied to high indulgent cultures. These cultures value friendships (Hofstede et al., 2010), meaning they may enjoy social activities such as going to the cinema. Consequently, they are more likely to act fairly leading to a higher payment under PWYW conditions (J. Y. Kim et al., 2009; Kunter, 2015; Schons et al., 2014). These explanations seem to provide rational justifications for the different influences of culture in the different settings. Therefore, the relationship between the PWYW settings and cultural dimensions needs to be further examined.

Despite arguing that culture is a contextual variable and should, therefore, be treated as a moderator, some direct effects have also been observed on PWYW. This shows that the score of some dimensions directly affects the PWYW behaviour. Power distance has a negative significant impact in scenario 2A (movie ERP) and 3 (canteen). The feeling of superiority to other people might be a reason why people give less money in PWYW pricing system (Hofstede, 1983). Furthermore, individualism had a negative significant direct impact in scenario 3. This might be due to the fact that individualist cultures have an independent and calculative involvement with organisations (Hofstede, 1983). Hence, it may imply that they care less about the seller well-being and therefore discharge less. Masculinity has a positive direct impact in scenario 2B (movie IRP). Even though, here the discussion is about the direct effect one would still expect an impact in the same direction as the hypothesized moderating effect. This is not the case. Maybe the positive impact is due to the masculine culture willingness to show performance (Hofstede, 1983). Thereof, by giving a higher amount they may prove to themselves that they have money and are successful. Nonetheless, it would

have been more logic to observe this impact in a non-anonymous setting as individuals can prove to others their success. Finally, long-term orientation also had this surprising positive direct effect in the McDonald and movie ERP scenarios (1 and 2A), despite a negative moderating effect argued and supported in scenario 2A and 2B. A rational explanation behind this finding is complicated to derive because it is counter-intuitive: people in long-term orientation tend to care about savings. Therefore, there is no reason to give money while one can free-ride the system. Nonetheless, Hofstede et al. (2010) found that values defended by long-term oriented cultures at work are honesty and self-accountability. These may have overridden the saving aspect and decrease the opportunistic behaviour leading to higher payments in PWYW conditions.

6.1.2 Influence of the Drivers of PWYW

Here, the discussion aims to review the influence of the drivers of PWYW. Firstly, it is important to discuss the predictor “fairness”. As explained previously two different constructs were used, one measuring overall fairness (based on Rabin, 1993) and one measuring fairness related to the scenario (J.Y. Kim et al., 2009). The former one was used in the pre-analysis phase and no significant results were discovered. It is surprising to obtain such a contrasting effect for two constructs supposed to measure a similar behaviour. This may suggest that there is a difference between how people consider fairness and how they act according to fairness in specific situations. It is an important aspect to consider in future research.

Fairness related to scenario showed to be very influential on the amount people are willing to discharge to the seller in all the scenarios. It shows that the higher the level of fairness, the higher the amount of money given to the seller. This finding is consistent with the previous research (Chung, 2017; J. Y. Kim et al., 2009; Kunter, 2015; Regner, 2015; Schons et al., 2014). Turning on to the influence of altruism, none of the coefficients was significant in any of the scenarios. This result is building on Kim et al. (2009) who also found no significant result for altruism in 3 out of 4 studies. However, other authors argue that it has a positive significant effect (Roy et al., 2016a; Schmidt et al., 2015). Price consciousness has a significant negative coefficient in movie ERP scenario. This is in line with previous findings arguing that the more price conscious people are, the less they are willing to pay in PWYW conditions (Marett et al., 2012; Riener & Traxler, 2012; Roy et al., 2016b; Schons et al., 2014). The reason why the results were not significant in the other three scenarios is hard to interpret. In the same line, loyalty and satisfaction did not influence the amount paid in any

of the scenarios. This is also contrary to previous research as a positive relationship was found between satisfaction and PWYW and loyalty and PWYW (J. Y. Kim et al., 2009; Kunter, 2015; Stangl & Prayag, 2018). Nonetheless, Gerpott (2017) argues that it is important to experience the product before paying for satisfaction to be meaningful. Due to the use of hypothetical scenarios this was not the case. This could explain why satisfaction did not have an impact on the PWYW. J.Y. Kim (2009) also only found partial influence of loyalty on PWYW. One possible explanation to this is that, it has been found that loyal customers expect to be rewarded by lower prices for their loyalty (Kumar & Reinartz, 2002). Nevertheless, no negative relationship was found either.

6.1.3 Influence of the Background Variables of PWYW

Background variables are added to the model to include more control (Vogt, 2005). In this study, none of the background variables had a significant impact. Except in the canteen scenario, where a negative impact of age was found. This result is surprising because firstly, it is contradictory to a previous study which found that PWYW increased with age (J. Y. Kim et al., 2013). Secondly, only students were answering the survey, implying that the age variation is rather small. A possible explanation behind this finding might be that the older the person gets, the less willing he or she is to eat at the school canteen and the less he or she values this type of service.

The fact that the other background variables were not significant may suggest that background variables, in general, do not influence the amount of money people discharge. Consequently, they should not be the primary area of focus in future research.

6.1.4 Other Findings

Firstly, it has been shown that people give more than 0. This proves that they do not follow the neoclassical economic principle, where people try to maximize their profit (J. Y. Kim et al., 2009; Yamagishi et al., 2014). Here, it is important to state that no matter the culture, in general, people did not completely free-ride. In addition, it can be concluded that the mean proportion discharged to the seller is relatively high in all the four situations (above 60%). This shows that people actually pay for a product even though it could be taken for free.

In addition, the results of this study also confirm the findings from Johnson and Cui (2013) suggesting that the use of external reference price is not beneficial. The scenario 3 (canteen), where no reference price is given, has the highest mean of the proportion of the IRP discharged to the seller. People may just not like to be given a reference price, while it is actually written that they can pay what they want. People may reject the tension between freedom (PWYW) and obligation (ERP). Therefore, they might decide to give a lower amount to express their disapproval.

Overall, cinema tickets were given the lower proportion of money out of all the scenarios. In scenario 2B, this might be explained by the design flaw. Participants were given an ERP and asked for their IRP at the same time, but the amount paid was asked before the IRP question. Therefore, people might not have acted on the IRP. The ERP being an average price, it might be considered as low for certain cultures. This may have led participants with higher IRP to consider just giving the ERP amount, because if it is the “recommended” amount. There is no reason to give more.

Another reason hiding behind the lower payment might be due to the setting: anonymity. The sale of movie ticket was performed through the internet and nobody would see how much the participants would discharge. This may confirm that social pressure and norms lead to a higher price paid in PWYW face-to-face conditions to avoid the distress of being perceived badly (J. Y. Kim et al., 2009; Santana & Morwitz, 2011). Previous research about the influence of anonymity on PWYW showed mixed results. On the one hand, it was argued that anonymity led to higher payments (Gneezy et al., 2012). While on the other hand, the contrary was also demonstrated (Regner & Barria, 2009). Nonetheless, further research is needed to demystify why the payments were lower as no conclusion from the observations can be drawn with certitude.

6.2 Theoretical Implications

Firstly, this thesis contributes to the literature by providing a very detailed literature review summarizing all the different drivers that influence PWYW. Due to the recency of interest in the topic, the findings are disparate and there is no trustful literature review of them provided. This extensive review can be used as a basis for future research

One additional theoretical implication that can be drawn from this research concerns the use of the construct of fairness. In this thesis, the researcher used two different constructs to measure fairness. One was related to concern for fairness in general and the other one was related to concern

for fairness in specific situations. It turned out that general fairness did not have any impact on PWYW. This finding is interesting to consider in future research. It might suggest that there is a difference in how fairness is perceived when it is general or related to a specific situation. Thus, different behaviour might be observed. Further, it also suggests that it might be interesting to measure concepts from different perspectives (e.g. general versus situation specific) as it can lead to different results.

An additional point that should be emphasized is that it seems that the newer dimensions of Hofstede (long-term orientation and indulgence) have more impact than the older ones. This may show that culture is dynamic, and the more recent dimensions represent better the actual generations and perceptions of culture. For example, individualism and collectivism cultures were more differentiated back in time. The difference is starting to fade out with individualism being more prevalent nowadays (Beugelsdijk & Welzel, 2018). In the same line, with the increased law for equality between gender spreading across the world (United Nations, 2019), masculine and feminine cultures have become less differentiated. Those might be potential reasons why no significant moderating effects of these dimensions were found. Consequently, it represents a strong argument to encourage Hofstede to keep researching and updating his model. Taking this direction could also be beneficial to gain credibility for his cultural framework. As explained previously, the model has been criticized for being outdated. Updating the dimensions and having research similar to the present one showing support can only bring positive impacts.

Finally, this paper provides a good starting point to close the gap in the literature. Despite more research needed, it seems like culture does influence the behaviour of customers when subject to the PWYW mechanism. This means that PWYW may not be successful in every country.

6.3 Practical Implications for the Service Industry

6.3.1 For Marketing Researchers or Managers

Despite small and inconsistent moderating effects of culture on the relationship between fairness and PWYW, the role of culture cannot be neglected. In fact, those small impacts still have the potential to reduce the success of PWYW pricing mechanism. As of now, it seems like cultures with high power distance, high long-term orientation and low indulgence should be considered with

extra care. For example, based on the sample surveyed, China, Singapore, Romania and Slovakia seem to be less suited as riskier to implement the mechanism.

One of the biggest recommendations before launching any services on PWYW mechanism would be to survey the people in the area and about. Because PWYW, entails a big risk of making a loss as people can free-ride, it is worth to invest some money beforehand. With some large scale research in a particular area and with a particular product or service, the marketers will have a concrete idea of the suitability of PWYW for their offer. One has seen throughout this research that some cultural dimensions had an impact in some situations. This implies that cultural dimensions seem to be highly bounded to the settings of the pricing mechanism. Consequently, it is very important that marketers researching about the suitability of PWYW for their service or product indicate the precise way, it will be executed. For example, they have to precise the exact nature of the service or product, the way people will have to pay, if there will be any reference price given, etc. This would increase the chance of success.

6.3.2 For the Concerned Businesses

In addition to implications for marketing managers, this research can also help the specific entities tested. For example, McDonald could launch a PWYW pricing strategy for its Big Mac, if the price of making such burgers is below 70 per cent of the price charged. Nonetheless, in the long-term this strategy might not be beneficial as it will reduce the profit. Consequently, it would be better to use PWYW for a promotional action to attract customers. Nevertheless, this campaign should be avoided in countries with high power distance as it was shown that people in those cultures tend to act less fairly.

Regarding cinema tickets, PWYW strategy could represent a valid strategy when they are seats left. It could be used as a similar strategy to dynamic pricing, meaning that depending on the booking situation, PWYW could be offered for remaining seats. Hence, it might attract customers and fill up otherwise lost capacity. Nonetheless, it should be avoided in countries with long-term orientation as it has negative moderating impact on fairness-PWYW relationship, leading to lower payments. Further countries with high indulgence score are more favourable due to the positive impact discovered on the relation between fairness and PWYW. In addition, despite no solid conclusion could be drawn on the exact impact of anonymity, one would still recommend having face-to-face settings to ensure higher payments.

Finally, regarding the today's dish at a school canteen, PWYW could also be used to sell the leftover and avoid food waste. It has been shown that people were willing to pay a rather high proportion of their internal price. Thus, it would enable to add some profit rather than throwing the food away. It is best not to give an ERP and leave the entire freedom to decide on the price. In this situation, culture had no moderating effect. However, the direct impact of culture on PWYW cannot be neglected and need to be considered by all the entities.

6.4 Future Research

PWYW pricing mechanism is - as mentioned several times throughout this thesis - a relatively new strategy. Thereof the research is scarce, and the results are often inconsistent. The research conducted in this paper enables to add one more variable that influences the PWYW mechanism, namely culture. However, culture has just been tested in relation to fairness and a few other factors. The number of factors that influence PWYW is enormous and there is still plenty of room for research in this topic area. Appendix IX provides some additional regression analyses with a moderating effect of culture on different drivers. Those data require more attention and discussion.

Furthermore, related directly to the research of this thesis, it would be interesting to turn the scenarios into field experiments. This would enable to see if there is a difference between what people gave in hypothetical scenarios and what people would give in real life. Besides, in this research for feasibility and time constraint reasons, the sample used for each country was relatively small and consisted only of students. A research with a higher number of participants and a more diverse population could help to clarify the impact of culture.

In addition, there was low consistency of the moderating effect of culture among the findings across the four different scenarios. Thus, it was suggested that culture is dependent of the settings of PWYW. Particular cultures might be more sensitive to specific settings than others. Consequently, more research testing different categories of services and products and different way of executing the PWYW system are needed. The discovery of some patterns regarding the settings would advance the understanding of PWYW behaviour.

Another interesting research that could complement the present findings is the use of another cultural framework. In this study, Hofstede's cultural dimensions were used, but there are many different definitions of culture. Consequently, the use of another framework that considers other

dimensions and indexes could provide more profound and complementary results. As a suggestion, the present study could be repeated with the use of GLOBE dimensions (House et al., 2002).

Finally, culture is often criticized to be based on stereotypes and ignoring subcultures (Reisinger & Crotts, 2010). To counter this obstacle, as culture is related to values, future research could investigate the impact of personal values on PWYW. If significant results are found, it will have a massive impact on PWYW strategy. In fact, if it is found that personal values have an influence on the amount people are willing to pay, it shows that this strategy will never be optimal from a business point of view. Each person having different values and background characteristics, it would be impossible to make the mechanism reliable and efficient for sellers. They would always undergo a very big risk of making a loss.

6.5 Limitations

6.5.1 Data Collection and Sampling

In terms of sampling, there are a few drawbacks that need to be highlighted. Firstly, the samplings from the different countries are relatively small. This means that they do not represent the general population of that country. In addition, they are only constituted of students, which means that the findings cannot be generalized to a wider population with different characteristics. A further bias lies in the fact that some of the participants were born and raised abroad, but they studied in another country. This may influence their perception of pricing as the living standards may differ. They may also be more accustomed to the culture of the country of study, which may influence their answer as well. This is especially the case for the Chinese sample, where all the participants were born and raised in China, but they all study in Denmark.

For the data collection, snowball sampling is also subject to a few drawbacks. In fact, the researcher mainly used her network to spread the survey. This means that the participants are more likely to be alike the researcher from a social point and economic point of view. Most of the international participants were friends met during study abroad programs. These were asked to transfer the link to their friends from their nationality further. One additional weakness is that the population from the different countries was quite unbalanced for two countries. Belgium and Denmark had respectively around 100 participants, while other countries were having a range between 2 and 39 participants approximately. This might have biased the results.

However, these drawbacks can also be turned into advantages. The fact that only students were surveyed and the probability that they have similar social and economic backgrounds and interests enables to accentuate the cultural differences. The respondents may have shared more similar characteristics than a random sample. This means that the culture participants are immersed in was more likely to stand out.

6.5.2 Use of a Survey as Research Method

This thesis made use of a survey to collect data. This is an easy and affordable way of collecting data and it also enables to gather many responses in a short amount of time. Considering the amount of time given to realise this project, it was definitely the best option available. However, questionnaires might not be the best way to measure PWYW. Firstly, as already mentioned, hypothetical scenarios are used and they only represent the WTP of participants rather than the actual price paid. People may invest fewer thoughts in the decision than if the situation was in real life. In addition, data about the number of goods or services sold cannot be collected. Hence, no data about the profitability of the mechanism can be derived.

6.5.3 Design of the Survey

The biggest problem of the survey concerns scenario 2, the movie scenario. This scenario was chosen to look similar to J. Y. Kim et al. (2009) study. However, it turned out to be a tricky situation as movie prices are very variables and not only across countries, but also within a single country. For example, in Belgium depending on the cinema venue, the price varies between 6€ and 10€ (RTBF, 2014). As an external reference price was provided, an average price was chosen and converted in the different currencies. This may not represent a realistic price in each country. Further, the internal reference price of the participants was asked. But due to a design flaw, the amount people wanted to give was asked before this. This means that people may not have acted based on their IRP, but rather on the ERP. Consequently, it may bias the outcome variable of scenario 2B. Great care needs to be taken when drawing conclusions based on this scenario. The best option would have been to provide no ERP and only use the IRP or provide two different scenarios measuring separately ERP and IRP.

A further problem is related to the measures. In fact, some of the scales were only composed of a single item such as “fairness scenario”, “satisfaction” and “reference price. Consequently, the

reliability of the scale cannot be assessed, and the construct may not be reliable. An additional point of concern is the relatively low score of the Cronbach's alpha score for the construct "loyalty canteen" and "price consciousness". The Alpha scores, both around .6, are not optimal. This could also be a reason why the results are not significant for those constructs. Consequently, researchers should be careful about the use of those items when designing their survey.

Next, greater comparability between the scenarios could have improved the results. For example, it would have been better to have the same constructs measured in each scenario. Further, it would have been optimal to test different groups of people with the same product or service but in different settings (anonymous, ERP, IRP, ...).

6.5.4 Culture

Cultural dimensions are complex concepts to use. Despite many research still approving the influence of culture on consumer behaviour (de Mooij, 2003; de Mooij & Hofstede, 2011; Usunier et al., 2013; Yates & de Oliveira, 2016), there are also many counter-arguments criticizing the role of culture. One of the most discussed subjects is that culture does not represent an entire population. Some authors argue that within a country there are not only one culture, but there are also subcultures (Reisinger & Crofts, 2010). In this thesis, the influence of subculture was not taken into account. This might represent a bias in the results. Additionally, countries were used as a proxy to culture. This can also influence the result and reduce the significance.

6.5.5 Other Influences

Lastly, the impact of other uncontrolled variables cannot be ignored. There are other factors, which are not accounted for in this research that could have an effect on the results. For example, the time at which the study is taken, or the current mood of the participants also has the potential to play a role and influence the PWYW behaviour. Those external influences can either accentuate or reduce the effect of the predictors. Controlled lab experiment is the only way to ensure greater control.

7. CONCLUSION

This section is designed to draw and highlight the findings on the different research questions. The aim of this project was to close a gap in the literature by researching the effect of culture on PWYW. With increasing competition in the market, marketers need to differentiate their offer to attract customers. Pricing strategies represent an attractive way to influence customer behaviours. The first sub-research question consisted in analysing the pricing systems. Thereof, fixed traditional pricing was reviewed, followed by participative pricing and voluntary payments including PWYW. It was concluded that PWYW is clearly different from all these pricing strategies for the following reasons. First, PWYW occurs between one buyer and one seller. The currency used for the transaction is money. The buyer can give any amount including the price of zero; there is no threshold. Consequently, the buyer is totally in control of the price. The seller cannot refuse the offer. Further, there should not be any suggested price. In addition, the price given represents the main revenue stream for the seller. Usually, the product or service is not related to charity. People should just pay what they want. All these differences with previous mechanisms, led to conclude that it is not appropriate to apply the findings from one mechanism to the others. PWYW is a mechanism on its own and needs tailored research.

Secondly, to dig further in the PWYW subject, a second sub research question was asked: “Which variables influencing PWYW have already been studied and how do they impact the mechanism?”. This question aims to review all the different drivers and settings having an influence on PWYW. Academic attention about this topic is recent and no trustful literature review on the subject exists. Firstly, the buyer characteristics are discussed. Here, the impact of drivers such as altruism, fairness, price consciousness, reciprocity etc. on PWYW is reviewed. Further, the influence of reference price is discussed. Finally, the role of the different settings surrounding the PWYW mechanisms is investigated. Whether it is face-to-face or anonymous, the duration of the offer, the service or the product used etc. also play a role in the amount of money people decide to give to a seller. Overall, it is argued that it is difficult to draw concrete conclusions on the impact of each driver and setting condition because research findings are not unanimous. One reason that could hide behind these inconsistent results is the role of culture. In fact, so far, none of the researchers have drawn attention to this variable. Knowing this, it was decided to isolate one of the buyer characteristics and connect it to culture. The driver of fairness has been chosen because firstly, most of the researchers agreed on the positive effect of this driver on PWYW. Secondly, previous research papers have

already connected fairness to culture. This shows that fairness might have a different impact depending on the culture. Consequently, different cultural frameworks were reviewed. Hofstede's six dimensions of culture were considered to be the most suitable to associate with the relationship between fairness and PWYW. In fact, the multiple applications of it in marketing and the availability of the data made it the most robust framework for this project.

Finally, the last sub-question comes into place and aims to find out which dimensions of culture moderates the relationship between fairness and PWYW and how. To answer, it was decided to use a quantitative research method by distributing questionnaires. Participants from 18 different countries were presented three different scenarios of PWYW situations. Turning on to the findings, first, a positive significant effect of fairness on PWYW was found in each of the scenarios. More specifically, fairness related to the specific scenario had an impact, while overall fairness was insignificant. Overall, it was found that some dimensions of cultures had a moderating impact on the relationship between fairness and the amount of money people discharge to the seller based on the reference price (internal or external) in some situations. A negative moderating effect of power distance (scenario 1) and long-term orientation (scenario 2A and 2B) and a positive moderating effect of indulgence (scenario 2A) were discovered. This led to suggest that the effect of culture on PWYW is highly dependent on the particular buying settings as different results were found in the different situations. For example, some cultures may evaluate the use of a service differently, leading to different fairness levels resulting in divergent PWYW payment across cultures. Further, it seems like the newer dimensions of Hofstede have more impact than the original four. This means that an update of the dimensions should be encouraged. Regarding implications for marketers, it is recommended to be extremely careful in countries with a high power distance and long-term orientation. These dimensions have proven to weaken the relationship between fairness and PWYW meaning that it will consequently reduce the amount people discharge in PWYW. In general, it is advised to survey the environment with a very concrete idea of the services offered and the settings it will occur in, to guaranty the highest chance of success. Furthermore, PWYW seems to be an adequate strategy in the service industry to sell services or products where no inventory is possible.

To sum up, cultural dimensions do influence the PWYW mechanism in the service industry. In addition to moderating impacts on the fairness PWYW relationship, some direct effects of culture on PWYW were also discovered. To confirm the present results further research with real-life settings (e.g. field experiments) is needed. The main focus should be to analyse the effect of culture on different PWYW settings and product or service.

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Appendices

Appendix I – Comparison of Hofstede’s Model and Others

	Masculinity/ Femininity	Individualism/ collectivism	Power distance	Uncertainty avoidance	Long-term orientation	Other
Hofstede (1984)						
Hofstede (1991, 2001)						
Inkeles and Levinson (1969)*	Conceptions of self		Relation to authority	Primary dilemmas or conflicts		
Triandis (1995)						
Chinese	Human heartedness	Integration			Confucian work dynamism	Moral discipline
Cultural Connection (1987)						
Clark (1990)*	Relations to self		Relation to authority	Relation to risk		
Trompenaars (1997)	Neutral/emotional	Universalism/particularism Individualism/communitarianism			Attitudes to time	Specific /diffuse Achievement/ascription Attitudes to the environment Paternalism
Dorfman and Howell (1988)						
Schwartz (1994)	Mastery/harmony	Autonomy/conservatism Loyal involvement/ utilitarian involvement	Hierarchy/ egalitarianism Conservatism/ egalitarianism			
Smith et al. (1996)						Discussion of a third dimension 3 deferred
Keillor and Hult (1999)						National heritage/culture homogeneity/belief system/ consumer ethnocentrism
Steenkamp (2001)*		Autonomy/collectivism	Egalitarianism/hierarchy	Uncertainty avoidance	Mastery/ nurturance-	

* Refers to theoretical contributions. The remainders are empirical studies.

Table 17: Comparison of Hofstede’s Cultural Framework with other Models in “Hofstede’s dimensions of culture in international marketing studies by A. Soares, M. Fahrangmehr, A. Shoham. *Jounral of Business Research*, 2007, 60, p.280., 2007, 60, p. 281.

Appendix II– Questionnaire

Master Thesis Survey

Q1 Hi,

My name is Ségolène, I am a master student at Copenhagen Business School in Service Management. I am currently writing my master thesis about culture and innovative pricing mechanism. It would be of great help if you could please fill out this survey. It will take you no longer than **4 to 6 minutes** to complete it! By participating you can enter a contest to win a **200 DKK/ 25€** Amazon Voucher! All answers will be treated confidentially.

Thank you very much in advance for your highly appreciated contribution :)

Page Break

Q2 Are you a student?

☐ Yes

☐ No

Q3 Which level of education are you currently enrolled in?

☐ High School/Secondary School

☐ Bachelor degree (also "haute école")

☐ Master degree

☐ I am working

☐ Other

Page Break

Q4 What do you study currently/ work in? (e.g.: Management, Medicine, ...)

Page Break

Q5 In which country do you study/work?

Q6 In which country are you born?

Q7 In which country have you lived the most part of your life?

Page Break

Q8 Please rate the following statement according to your perception from strongly disagree (1) to strongly agree (5)

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I love to help others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am concerned about others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I make people feel welcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a good word for everyone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I anticipate the needs of others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

When I take a decision, I want it to be fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to be treated fairly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I treat other fairly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Before I buy product, I often check the prices of different retailers to obtain the best benefit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I usually purchase items on sale only	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I usually purchase the cheapest item	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break

Q9 The second part of the survey deals with pricing mechanism

Let me introduce a new concept: Pay-what-you-want is a new innovative pricing mechanism. There is neither a fixed price nor a threshold. The buyer can pay how much he or she wants including zero for the product or service received. The seller cannot refuse the offer.

Q10 Imagine, you are very hungry and you want to buy yourself a lunch. You are strolling around the streets and you decide to enter McDonalds to order a Big Mac. A Big Mac costs 4,10 €/ 30 DKK /5,85 AUD/ 6,5 CHF/ 49 NOK/ £ 2,99/ 5,75 Singapore\$/ 125Baht/ 6,10 CAD/10 RON/ 10 PNL. You have always enjoyed the food in this fast-food place, and you are satisfied about the quality/price ratio. Today, McDonalds is testing a new pricing mechanism. When you order your menu, the cashier announces that you can pay the amount of money you want for the Big Mac. You can pay anything and will need to hand in the money to the cashier.

How much would you like to pay? **Please indicate the amount of money and the currency you use when answering.**

Q11 Please rate the following statements

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
My price paid was fair toward the seller	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In general, I am a regular customer of McDonalds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In general, I say positive things about McDonalds to others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12 Imagine a new movie is released in the cinema. You watch the trailer and you enjoy it. You have some free time this afternoon and therefore you decide to buy your ticket online to avoid queueing at the counter of the cinema. A regular cinema ticket usually cost 8€/ 60 DKK/12,5 AUD/ 12 CAD/ 9 CHF/287 Baht/12 Singapore \$/ 77 NOK /£ 6,8/ 38 RON/34 PLN. When buying your ticket on the website, no price is stated, you can decide how much you want to pay. The payment online is secure and anonymous. No one will see how much you will pay, neither will it be shown on the printed ticket. How much do you decide to give? Please indicate the amount of money and the currency you use when answering.

Q13 Please rate the following statement

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
My price paid toward the seller was fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 What did you pay for the same or a similar product the last time you bought one? Please indicate the amount of money and the currency you use when answering.

Q15 It is lunch time and you are at University. Today, the canteen/school restaurant has decided to offer the "Today's dish" according to the pay-what-you-want pricing scheme. You will have to tell the cashier your decision on how much you will give. How much do you decide to pay? Please indicate the amount of money and the currency you use when answering.

Q16 Please rate the following statements

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
My price paid toward the seller was fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am a regular customer of the school canteen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I say positive things about the school canteen to others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually satisfied with the food offered at the school canteen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q17 What did you pay for the same or a similar product the last time you bought one?
Please indicate the amount of money and the currency you use when answering.

Q18 What is your gender?

☐ Male

☐ Female

☐ Prefer not to say

Q19 How old are you? (in years)

Q20 How many siblings do you have?

Q21 Are you parents divorced?

☐ yes

☐ no

☐ prefer not to say

Q22 Please state an approximation of your monthly net income (Scholarship included) Please indicate the amount of money and the currency you use when answering.

Page Break

Q23 Do you have any comments or remarks?

Q24 If you want to participate in the contest, please leave your email address below

Appendix III – KMO and Cronbach's Alpha Test

- Fairness Overall

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,736
Bartlett's Test of Sphericity Approx. Chi-Square	574,884
Df	3
Sig.	,000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,393	79,766	79,766	2,094	69,785	69,785
2	,342	11,395	91,161			
3	,265	8,839	100,000			

Extraction Method: Principal Axis Factoring.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,871	,873	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Fairness_decision	9,07	1,900	,752	,574	,824
Fairness_treatme fair	8,74	2,131	,784	,615	,793
Fairness_treat other	9,03	2,150	,731	,540	,837

- **Altruism**

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,829
Bartlett's Test of Sphericity	Approx. Chi-Square	626,310
	Df	10
	Sig.	,000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,919	58,374	58,374	2,427	48,541	48,541
2	,673	13,453	71,827			
3	,614	12,285	84,112			
4	,434	8,677	92,789			
5	,361	7,211	100,000			

Extraction Method: Principal Axis Factoring.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,818	,820	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Altruism_help	15,87	6,631	,688	,504	,760
Altruism_concern	15,97	6,608	,633	,456	,775
Altruism_welcome	16,09	6,604	,676	,459	,763
Altruism_word	16,54	6,990	,520	,291	,809
Altruism_need	16,51	6,944	,540	,298	,803

- **Price consciousness**

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,592
Bartlett's Test of Sphericity	Approx. Chi-Square	139,020
	Df	3
	Sig.	,000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,695	56,516	56,516	1,188	39,585	39,585
2	,786	26,197	82,714			
3	,519	17,286	100,000			

Extraction Method: Principal Axis Factoring.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,612	,611	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
PriceC_check	5,69	3,462	,352	,148	,606
PriceC_sales	6,68	2,841	,523	,275	,356
PriceC_cheapest	6,73	3,213	,395	,192	,550

• McDonald Loyalty

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,500
Bartlett's Test of Sphericity	Approx. Chi-Square
	225,655
	Df
	1
	Sig.
	,000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,674	83,703	83,703	1,346	67,320	67,320
2	,326	16,297	100,000			

Extraction Method: Principal Axis Factoring.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,805	,807	2

• Canteen Loyalty

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,500
Bartlett's Test of Sphericity	Approx. Chi-Square
	86,530
	Df
	1
	Sig.
	,000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,455	72,764	72,764	,909	45,432	45,432
2	,545	27,236	100,000			

Extraction Method: Principal Axis Factoring.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,612	,627	2

Appendix IV – SQRT AVE and Correlations

Correlations						
		Fairness_Construct	Altruism_Construct	PriceC_Construct	McDoloyalty_Construct	Canteenloyalty_Construct
Fairness_Construct	Pearson Correlation	.836*	.635	.184	.063	.092
	Sig. (2-tailed)		.000	.000	.227	.074
	N	375	375	375	375	375
Altruism_Construct	Pearson Correlation	.635	.697	.178	.089	.162
	Sig. (2-tailed)	.000		.001	.086	.002
	N	375	375	375	375	375
PriceC_Construct	Pearson Correlation	.184	.178	.629	.077	.146
	Sig. (2-tailed)	.000	.001		.137	.005
	N	375	375	375	375	375
McDoloyalty_Construct	Pearson Correlation	.063	.089	.077	.820	.017
	Sig. (2-tailed)	.227	.086	.137		.745
	N	375	375	375	375	375
Canteenloyalty_Construct	Pearson Correlation	.092	.162	.146	.017	.674
	Sig. (2-tailed)	.074	.002	.005	.745	
	N	375	375	375	375	375

Table 18: Correlations and SQRT AVE Scores

*The number highlighted in green on the diagonal are the square rooted AVE scores

Appendix V – Model 1', 2' and 3' (Fairness Overall)

Applicable for all models in this appendix:

- Dependent variable: Proportion of price paid according to IRP or ERP depending on the scenario
- *p <.05
- **p <.001
- All variables used have been mean centred

Model 1'	Scenario 1 McDo -ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Study 3 Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.748**	.015	.713**	.014	.672**	.020	.848**	.016
FairnessOverall	.016	.028	.000	.028	.016	.040	.031	.031
Altruism	-.003	.030	.022	.030	-.027	.041	-.027	.033
PriceC	-.019	.018	-.028	.018	.024	.025	-.026	.021
Loyalty_Sce	.007	.014					.009	.020
Satisf_Sce							.036	.020
R2	.004		.008		.004	.004	.	.023
Adjusted R2	-.007		.000		-.005	-.005		.009
N	365		365		352	352		349

Table 19: Model 1' – Regression with Overall Fairness

Model 2'	Scenario 1 McDo -ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Scenario 3 Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.892**	.129	.647**	.131	1.087**	.174	1.348*	.147
FairnessOverall	.008	.027	.000	.028	.003	.038	.016	.030
Altruism	.000	.030	.024	.031	.016	.041	.007	.033
PriceC	-.014	.018	-.029	.018	.015	.025	-.018	.020
Loyalty_Sce	.009	.014					.016	.020
Satisf_Sce							.016	.020
Age	-.003	.006	.005	.006	-.015*	.008	-.018*	.006
Sibling	-.021	.012	-.018	.013	-.024	.017	-.024	.013
Gender Dummy	-.086*	.033	-.007	.033	-.021	.044	-.083*	.035
Divorce Dummy	-.018	.036	-.043	.037	-.104	.048	-.101*	.039
R2	.035		.022		.037		.091	
Adjusted R2	.013		.002		.017		.066	
N	350		350		338		336	

Table 20: Model 2' – Regression with Overall Fairness including Background Variables

Model 3'	Scenario 1		Scenario 2A		Scenario 2B		Scenario 3	
	McDo-ERP		Movie-ERP		Movie-IRP		Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.716**	.140	.605**	.144	.949**	.179	1.148**	.151
FairnessOverall	.008	.029	.001	.030	.019	.038	.034	.031
Altruism	.001	.031	.020	.032	.013	.039	.011	.032
PriceC	-.005	.018	-.030	.019	.010	.023	-.011	.019
Loyalty_Sce	.016	.014					.022	.020
Satisf_Sce							.010	.020
Age	.003	.006	.006	.006	-.012	.008	-.011	.006
Sibling	-.016	.013	-.017	.013	-.006	.016	-.020	.013
Gender Dummy	-.062	.033	.003	.034	.039	.041	-.050	.034
Divorce Dummy	.008	.037	-.029	.038	-.046	.046	-.051	.038
PD	-.002	.002	-.004*	.002	.001	.002	-.004*	.002
Indiv	-.001	.002	4.930E-5	.002	-.006*	.003	-.005	.002
Mascu	.000	.001	.001	.001	.003	.002	.002	.001
UA	.001	.001	.000	.001	.002	.001	.003*	.001
LTO	.002*	.001	.003*	.001	-.002	.001	.002	.001
Indulgence	-.001	.002	-.004	.003	-.001	.003	.000	.003
FairnessO*PD	.001	.004	.002	.004	.007	.005	.009*	.004
FairnessO*Indiv	-.001	.004	-.004	.004	.003	.005	.004	.004
FairnessO*Mascu	.001	.002	.001	.002	-.002	.003	-.003	.002
FairnessO*UA	.001	.002	.001	.002	-.001	.002	-.002	.002
FairnessO*LTO	-.001	.002	-.003	.002	-.004	.002	-.003	.002
FairnessO*Indulg	.001	.005	.007	.005	.001	.007	.001	.006
R2	.098		.070		.212		.221	
Adjusted R2	.043		.017		.165		.170	
N	350		350		338		336	

Table 21: Model 3' – Regression with Overall Fairness including Cultural Dimensions

Appendix VI – Model 1

Model 1	Scenario 1 McDo-ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Scenario 3 Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.747**	.013	.712**	.012	.674	.019	.847**	.015
Fairness_Sce	.107**	.013	.127**	.011	.131	.017	.110**	.017
Altruism	-.017	.022	-.008	.021	-.043	.032	-.055*	.027
PriceC	-.019	.017	-.033*	.015	.019	.023	-.017	.019
Loyalty_Sce	-.011	.013					-6.400E-5	.019
Satisf_Sce							.039*	.019
R2	.169		.274		.154		.123	
Adjusted R2	.159		.268		.147		.110	
N	365		365		352		349	

Table 22: Model 1 – Regression with Buyer Characteristics

Dependent variable: Proportion of price paid according to IRP or ERP depending on the scenario

*p <.05

**p <.001

All variables used have been mean centred

Appendix VII – Model 2

Model 2	Scenario 1 McDo-ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Scenario 3 Canteen-IRP	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.992**	.118	.582**	.113	1.028**	.160	1.403**	.138
Fairness_Scen	.103**	.013	.128**	.011	.125**	.016	.111**	.017
Altruism	-.012	.022	-.008	.022	-.008	.031	-.028	.026
PriceC	-.015	.016	-.033*	.016	.011	.022	-.013	.018
Loyalty_Sce							.005	.019
Satisf_Sce	-.011	.013	.007	.005			.018	.019
Age	-.008	.005	-.010	.011	-.013	.007	-.022**	.006
Sibling	-.021	.011	-.005	.028	-.019	.015	-.020	.013
Gender Dummy	-.062*	.030	-.023	.031	-.016	.040	-.063	.033
Divorce Dummy	-.006	.033			-.084	.044	-.070	.037
R2	.192		.281		.186		.199	
Adjusted R2	.173		.267		.169		.177	
N	350		350		338		336	

Table 23: Model 2 – Regression including Background Variables

Dependent variable: Proportion of price paid according to IRP or ERP depending on the scenario

*p <.05

**p <.001

All variables used have been mean centred

Appendix VIII- Additional Analyses

To confirm some additional observations, a few more analyses were performed. The result of a one-sample t-test of the dependent variables against a test value of 0, shows that the mean of the amount people are willing to discharge to the seller is statistically different from 0 in each of the four situations ($p < .001$). Results are presented in table 17 below.

	Mean	SD	N
Scenario 1 – McDo ERP	.7478**	.282	366
Scenario 2A – Movie ERP	.7133**	.276	366
Scenario 2B – Movie IRP	.6724**	.379	353
Scenario 3 – Canteen IRP	.8488**	.306	350

** significantly different from 0 ($p < .001$) (one sample t-test)

Table 24: Overview of the mean and the standard deviation of the dependent variables (PWYW)

When comparing the difference of PWYW between anonymous (Scenario 2A and 2B) and non-anonymous (Scenario 1 and 3) settings using a paired-sample t-test, the difference is also significant. When an ERP is provided (Scenario 1 and 2A), the difference in the means is small but significant ($D = .0359$, $p < .05$). In the same line, when the IRP is asked (Scenario 2B and 3) the difference in means is also significant ($D = .17$, $p < .001$).

Appendix IX– Models with the Moderating Effect of Culture on Different Drivers of PWYW

Applicable for all models in this appendix:

- Dependent variable: Proportion of price paid according to IRP or ERP depending on the scenario
- *p <.05
- **p <.001
- All variables used have been mean centred

Model 4

	Scenario 1 McDo-ERP		Scenario 2A Movie-ERP		Scenario 2B Movie-IRP		Scenario 3 Canteen-IRP	
	Coefficient	.013SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.828**	.128	.585**	.121	.924**	.164	1.234**	.141
FairnessScenario	.100**	.013	.133**	.012	.110**	.015	.103**	.016
Altruism	.010	.023	.005	.022	.018	.031	-.002	.026
PriceC	-.009	.016	-.033*	.016	.010	.021	-.001	.018
Loyalty_Sce	-.003	.013					.014	.019
Satisfaction_Sce							.013	.018
Age	-.002	.005	.007	.005	-.011	.007	-.015*	.006
Sibling	-.017	.011	-.011	.011	-.006	.015	-.020	.012
Gender Dummy	-.045	.030	-.005	.029	.030	.039	-.035	.032
Divorce Dummy	.008	.033	-.032	.032	-.054	.042	-.042	.036
PD	-.002	.002	-.003*	.002	.002	.002	-.003	.002
Indiv	.000	.002	.001	.002	-.005*	.003	-.004	.002
Mascu	.000	.001	.000	.001	.002	.001	.001	.001
UA	.001	.001	.000	.001	.002	.001	.004*	.001
LTO	.002*	.001	.002*	.001	-.003*	.001	.002	.001
Indulgence	-.002	.002	-.002	.002	.002	.003	-9.438E-5	.002
Altruism*PD	-.007*	.003	-.003	.003	-.002	.004	.004	.004
Altruism*Indiv	-.008*	.004	-.006	.004	-.003	.005	.005	.005
Altruism*Mascu	.002	.002	.002	.002	-.001	.003	-.004	.002
Altruism *UA	.005*	.002	.004*	.002	.003	.002	-.002	.002
Altruism*LTO	-.001	.002	-.001	.002	-.001	.002	-.001	.002
Altruism*Indulgence	.004	.004	.007	.004	.003	.006	-.001	.005
R2	.258		.338		.321		.314	
Adjusted R2	.213		.300		.280		.268	
N	350		350		338		336	

Table 25: Model 4 – Culture as a Moderator between Altruism and PWYW

Model 5	Scenario 1		Scenario 2A		Scenario 2B		Scenario 3	
	McDo -ERP		Movie-ERP		Movie-IRP		Canteen-IRP	
	Coefficient	.013SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Intercept	.855**	.129	.591**	.123	.957**	.164	1.211**	.142
Fairness_Sce	.101**	.013	.132**	.012	.108**	.015	.100**	.016
Altruism	-.007	.022	-.010	.022	-.003	.030	-.018	.025
PriceC	-.009	.017	-.036*	.016	.010	.021	-.003	.018
Loyalty_Sce	-.004	.013					.009	.019
Satisfaction_Sce							.015	.019
Age	-.003	.006	.006	.005	-.012	.007	-.014*	.006
Sibling	-.017	.012	-.011	.011	-.005	.015	-.018	.012
Gender Dummy	-.045	.031	-.008	.029	.027	.038	-.042	.032
Divorce Dummy	.016	.034	-.023	.032	-.045	.042	-.038	.036
PD	-.002	.002	-.003*	.002	.002	.002	-.003	.002
Indiv	-.001	.002	.000	.002	-.007*	.003	-.004	.002
Mascu	.001	.001	.001	.001	.002	.001	.001	.001
UA	.001	.001	-.001	.001	.002	.001	.003*	.001
LTO	.002*	.001	.002*	.001	-.002	.001	.002	.001
Indulgence	-.002	.002	-.001	.002	.002	.003	.000	.002
PriceC*PD	-.002	.002	-.001	.002	-.003	.003	.000	.002
PriceC*Indiv	-4.311E-7	.003	.002	.003	.003	.004	.002	.003
PriceC*Mascu	1.984E-5	.001	.000	.001	.002	.002	.000	.001
PriceC *UA	.001	.001	.000	.001	-.001	.002	-.002	.001
PriceC*LTO	.000	.001	.000	.001	.001	.002	.000	.001
PriceC*Indulgence	-.002	.003	-.002	.003	-.007	.004	-.004	.003
R2	.241		.325		.325		.298	
Adjusted R2	.195		.286		.285		.251	
N	350		350		338		336	

Table 26: Model 5- Culture as a Moderator between Price Consciousness and PWYW

Model 6	Scenario 1		Scenario 3	
	McDo-ERP		Canteen-IRP	
	Coefficient	.013SE	Coefficient	SE
Intercept	-.003**	.006	1.225**	.138
Fairness_Scenario	-.017**	.012	.113**	.016
Altruism	-.045	.031	-.017	.026
PriceC	.016	.034	.002	.018
Loyalty_Sce	-.002	.002	-.002	.019
Satisfaction_Sce			.028	.019
Age	-.001	.002	-.014*	.006
Sibling	.001	.001	-.017	.012
Gender Dummy	.001	.001	-.031	.031
Divorce Dummy	.002	.001	-.018	.036
PD	-.002*	.002	-.002	.002
Indiv	-.002	.002	-.005*	.002
Mascu	-4.311E-7	.003	.001	.001
UA	1.984E-5	.001	.003*	.001
LTO	.001*	.001	.001	.001
Indulgence	.000	.001	1.084E-5	.002
Loyalty_Sce*PD	-.002	.003	-4.055E-5	.002
Loyalty_Sce *Indiv	-.003	.006	.004	.002
Loyalty_Sce *Mascu	-.017	.012	.003*	.001
Loyalty_Sce *UA	-.045	.031	-.001	.001
Loyalty_Sce *LTO	.016	.034	.000	.001
Loyalty_Sce *Indul	-.002	.002	.001	.002
R2	.249		.329	
Adjusted R2	.203		.284	
N	350		336	

Table 27: Model 6 – Culture as a Moderator between Loyalty and PWYW

Model 7	Scenario 3	
	Canteen-IRP	
	Coefficient	SE
Intercept	1.157**	.141
Fairness_Scenario	.104**	.016
Altruism	-.019	.025
PriceC	-.002	.018
Loyalty_Sce	.005	.019
Satisfaction_Sce	.022	.019
Age	-.012	.006
Sibling	-.020	.012
Gender Dummy	-.029	.032
Divorce Dummy	-.027	.036
PD	-.002	.002
Indiv	-.004	.002
Mascu	.001	.001
UA	.002*	.001
LTO	.002	.001
Indulgence	-.001	.002
Satisf_Sce *PD	.000	.002
Satisf_Sce *Indiv	.005*	.003
Satisf_Sce *Mascu	.000	.001
Satisf_Sce *UA	-.002	.001
Satisf_Sce *LTO	.002*	.001
Satisf_Sce *Indul	-.004	.003
R2	.320	
Adjusted R2	.275	
N	336	

Table 28: Model 7– Culture as a Moderator between Satisfaction and PWYW