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Relationships and trust in perceiving price fairness: an exploratory study¹

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Abstract: This paper explores the interrelationship of those human factors which influence the perception of price fairness. Previous empirical research reveals that these factors include in addition to human perception, also attitudes, satisfaction, relationships and trust. Past studies focused on isolated, individual components in specific contexts but not on how these components are interrelated and affect one another. In line with Systems Theory this paper investigates the interrelationship of these components. Since positive relationships create more trust greater tolerance for divergence emerges. Hence expectations are more likely to be confirmed which increases satisfaction and improves relationships which, in turn, has a positive impact on perceived price fairness.

Keywords: attitudes, communication, expectation confirmation theory, fairness, perceptual process, relationships, satisfaction, systems theory, trust.

JEL codes: D03, D83, D87, Z1, Z13.

Introduction

The decision-making process of consumers has interested market researchers for decades [Schiffman and Kanuk 2004]. Originally it was assumed that such decisions were based on rational, cognitive processes [Von Neumann and Morgenstern 1953]. By the 1970s researchers began to realize that the decision-making process is more complex and also includes subjective characteristics [Kamen and Toman 1970, 1971; Monroe 1971, 1973]. It then became apparent that perceived price fairness plays an important role in the buying decision process because if a price is perceived to be fair then consumers are more inclined to buy the product than when they consider the purchase price unfair [e.g., Bolton, Keh, and Alba 2010; Chapuis 20012; Campbell 2007; Gielissen, Dutilh, and Graafland 2008; Grewal, Hardesty, and Gopalkrishnan 2004; Herrmann et al. 2007; Rothenberger 2015; Xia, Monroe, and Cox 2004]. Monroe [1990] sug-

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gests that perceived price fairness involves a trade-off between the perceived benefits and the costs associated with the purchased product or service so that the purchaser feels a certain degree of satisfaction if the benefits outweigh the perceived costs. Because consumers react negatively to perceived unfair prices it is in the interest of retailers and/or service providers to offer their products or services at prices consumers consider to be fair [Campbell 1999; Kahneman, Knetsch, and Thaler 1986a, 1986b]. That is why it is so important to understand perceived price fairness.

Recent research has narrowed the focus and isolated several factors that influence perceived price fairness. For example, Grewal, Hardesty, and Gopalkrishnan [2004] discovered that trust is important – at least within the context of internet purchases. Chapuis [2012] concludes that positive relationships are important in creating satisfaction and, thus, perceived price fairness. And finally Rothenberger's [2015] study revealed that trust and long-term relationships are essential if customers are to accept price changes and consider these changes to be fair. This suggests that perceived price fairness consists of a number of components; namely, perception, attitudes, satisfaction, relationships and trust. Since Systems Theory states that individual components cannot explain entire phenomena [Von Bertalanffy 1968], this paper seeks to explore the inter-relationship of these components as well as how and, more importantly why, they influence perceived price fairness. From this analysis it will become apparent that retailers and/or service providers ought to establish and maintain trustful relationships with consumers because such relationships have a positive impact on perceived price fairness and, thus, the buying decision process.

The first section of the paper is devoted to perception. It describes the perceptual process; namely, the selection, organization, interpretation and evaluation of sensory stimuli, their storage in memory, and retrieval. Perception helps explain why people react the way they do to human behavior and communication. The second section deals with attitudes and satisfaction because they influence perception and are in turn influenced by perception. The third section of the paper focuses on relationships and trust because they also have an impact on attitudes and satisfaction as well as perception and vice versa. The paper ends with a conclusion that ties the parts together and describes how the various components interact with one another.

1. Perception

Perception refers to the identification, organization and interpretation of sensory stimuli to which humans are exposed to at any given moment in time [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Jandt 2015; Klopff 1998]. As people grow up in a particular environment, interact with other people and experience the world around them, they learn

to associate specific meaning(s) with specific words and gestures. To prevent chaos, people learn to categorize those sensations so that they can reduce the overwhelming complexity of their sensory world into manageable proportions. It is culture that often determines the categories into which people place perceived sensory stimuli [Adler, Rodman, and du Pré 2013; Jandt 2015; Klopff 1998]. People learn to respond to those categories as they experienced them and as their culture instructs them. Thus perception and culture are often interrelated as Bolton, Keh, and Alba [2010] also discovered for perceived price fairness. This means that perceptions of fair prices are culture-bound. What is considered acceptable in one culture might be considered unacceptable in another. Obviously individual divergence exists. But some broad denotative meanings are shared, to a larger or lesser degree, amongst members of a particular culture. Otherwise it would not be possible for people to communicate effectively with one another.

1.1. Selecting sensory stimuli

At any given moment in time people are exposed to a host of sensory stimuli. A stimulus can be defined as any input to any of the senses, e.g. sound, sight, smell, taste, touch. Stimuli have to be perceived in order for consciousness to act upon them; this is called exposure. People tend to select specific stimuli to which they are exposed at any given time [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopff 1998]. In fact people sometimes look for specific stimuli whilst ignoring others. This is called selective perception. Selective perception includes selective attention and selective exposure. Selective attention refers to the anticipation of those things that will fulfill one's needs. For example, looking for a specific sales item in the weekly flyers and deliberately ignoring all the other available offers. Selective exposure refers to people's behaviour that actively seeks out information to support opinions and actively avoids information that contradicts existing opinions, beliefs, attitudes and values. In other words, someone may not be looking for similar products at other retailers once a specific retailer has been selected. Selection is based on differential intensity. That is using something that is different from the ordinary to catch people's attention. For example, a specific product may stand out because of its high price. Past experience is important in making certain selections. If people encounter a particular situation which is perceived to be similar to what they already encountered in the past it can determine whether they want to seek it out again or ignore it [Adler, Rodman, and du Pré 2013; DeVito 2015; Jandt 2015; Klopff 1998].

1.2. Organizing sensory stimuli

Once a sensory stimulus has been recognized, it needs to be organized within existing knowledge structures in order for the sensory stimulus to make sense

[Hewes and Planalp 1987; Mitchell 1982; Reiser, Black, and Abelson 1985; Salzer et al. 1999]. This is done within existing frames of reference. The organization of perceived sensory stimuli includes grouping which refers to putting the stimuli into categories that appear to be similar or close to one another [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Jandt 2015; Klopff 1998]. That is information can either be included or excluded from a group, e.g. watch A is perceived to be a luxury item which means that it will be stored with other luxury items like jewellery and not with consumable products like milk. Once an item has been categorized as a luxury item it may be evaluated differently than non-luxury items, i.e. a higher price may be considered acceptable because it is a status symbol and may be perceived to have a better quality and a more limited quantity than other products; thus justifying the higher price.

Another organizational pattern is closure. Closure refers to the tendency of people to fill in the missing pieces [DeVito 2015; Klopff 1998]. Sometimes people hear some information that is assumed to be incomplete. People will then attempt to fill in the missing information on the basis of past experience. Closure can fill in the right or wrong missing information, e.g. high price equals better quality or high price is a rip-off – both associations could be right or wrong [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopff 1998].

Schemata and scripts describe essentially similar organizational patterns. Schemata refer to mental templates or structures that are general ideas people have about others, themselves, or social roles and by extension also fair prices for products or services [DeVito 2015; DeFleur et al. 2013; Hewes and Planalp 1987]. Schemata allow people to organize the information they come into contact with every day along with those that are already stored in their memory so that new situations become manageable. Schemata are developed from a person's experiences, real ones or those gained through media [DeVito 2015; DeFleur et al. 2013]. Associated with schemata is script. A script is a general idea of how an event should play out or unfold, i.e. the rules governing events and their sequence as well as the typical discourse that accompanies these events [DeVito 2015; DeFleur et al. 2013]; for example, when interacting with sales people and negotiating a price.

1.3. Interpretation and evaluation

Once the information has been organized it is often interpreted. Interpretation is important because it attaches meaning to what people perceive [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopff 1998; Samovar et al. 2013]. Interpretation is based on past experiences, expectations, needs, values, beliefs as well as physical and emotional states [DeVito 2015; Klopff 1998; Samovar et al. 2013]. That is why two people exposed to the same situa-

tion can interpret it differently; e.g. someone may consider one hundred euros for dinner acceptable, another may not.

Three factors influence interpretation: Confirmed/disconfirmed expectations, predisposition, and attribution [DeVito 2015; Klopf 1998]. Confirmed/disconfirmed expectation refers to the phenomenon that people often anticipate something happening in a particular way. People expect it to happen that way because that is the way it happened to them before, or it happened to people they know, or it happened in accounts they read, saw, or heard about [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopf 1998]. If people's expectations are met in the way it was anticipated or even surpassed then their expectations are confirmed. If that is not the case then their expectations are disconfirmed. Satisfaction is usually associated with confirmed expectations while disconfirmed expectations result in frustration and/or anger [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopf 1998; Samovar et al. 2013]. For example, a customer usually has certain expectations of what a particular product or service is supposed to be like. This can be based on past experiences with similar or the same products or services. If the product or service does not meet the anticipated expectations, then the expectations are disconfirmed and frustration sets in.

Predisposition refers to the phenomenon that people tend to be predisposed to behave in certain ways. Needs, emotional states, values, beliefs and attitudes constitute those predispositions which help people decide what is good or bad, right or wrong, important or unimportant in what they perceive. For example, if people are used to purchasing luxury items, they will be predisposed to do so again in the future if nothing negative is associated with the previous purchase. These factors play an important role in the meanings people assign to the stimuli they sense [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopf 1998], i.e. the price of a product or service is considered to be fair or not.

Attribution refers to the process of seeking explanations for the observed behaviour of others [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Heider 1958; Kelley 1972; Klopf 1998]. People try to make sense of the behaviour of others and in doing so people attribute causes to that behaviour. Even though one may not know why another person behaved the way they did one assigns a cause which is based on how one would have behaved in the same situation. This phenomenon has also been found within the context of perceived price fairness [e.g. Campbell 1999; Gielissen, Dutilh, and Graafland 2008; Rothenberger 2015]. Most of the time, though, people are guessing; they are not sure of the facts so they speculate about or imagine the cause. This could result in a problem because an attempt is made to understand why the others behave as they do. Attribution permits people to predict other people's behaviour. So if something similar happens people are better prepared because they have determined a probable cause for the observed behaviour;

regardless of whether that cause is correct or not [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012; Klopff 1998]. In other words people use attribution to reduce uncertainty and attempt to make the behaviour of others more predictable in the future [Berger and Calabrese 1975]. This explains why some people repurchase the same product, especially when they were satisfied with the initial purchase. Attribution can also be used to transfer the positive association of one product from a particular manufacturer to other products of that same manufacturer.

Once the information has been interpreted it is evaluated [DeVito 2015; Klopff 1998]. In other words, people decide whether they like or dislike what they have perceived and act upon that evaluation – or not, depending on one's past experiences, personality, current situation, etc. Here again previous experiences and current emotional states can determine whether a person considers the interpreted information to be positive, neutral, or negative – and everything in-between [Rothenberger 2015]. In fact the same person can evaluate the same information differently, depending on the circumstances.

The degree of the relationship between the interlocutors plays a crucial role in the interpretation of the perceived message [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012]. The interlocutors often come to a particular conclusion as to what meaning a message has. People tend to interpret the message in ways that are consistent with their own interests. Such self-serving bias influences not only the interpretation of the message but also the subsequent action of the interlocutors, including the buying decision of consumers [Gielissen, Dutilh, and Graafland 2008; Rothenberger 2015]. Consequently the perceived message influences the subsequent behaviour of the interlocutors and not the actual, objective message. Interestingly this divergence in meaning need not have an impact on the relationship of the interlocutors because misunderstandings may be remedied by rationalization [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012].

Rationalization refers to the efforts undertaken by the interlocutors to understand the perceived message [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012]. If one of the interlocutors appears to behave in a manner contrary to the perceived meaning of the message then the degree of deviation influences the rationalization. Thus if the degree of deviation is considered to be irrelevant for the context of the message it will be ignored. If, however, the degree of divergence is large then the message will be misunderstood in part or entirely. The more familiar one is with a particular retailer, the more one will be able to anticipate messages in a particular context due to this familiarity and thus achieve greater convergence in meaning [Adler, Rodman, and du Pré 2013; DeVito 2015; Rothenberger 2015].

Humans seek information that reinforces their current perception of the environment. Hence people are more likely to filter out undesirable information if it is inconsistent with the expectation towards the message content. For exam-

ple, if a trustful relationship exists with a retailer and the retailer does not offer a discount then one will tend to rationalize this behaviour. One might convince oneself that it is not possible for the retailer to offer a discount because of the difficult economic situation, for example. But if one does not have a trustful relationship then one will tend to contribute this refusal to the bad character one might already ascribe to that retailer; hence reinforcing the existing negative image. This is due to the need for cognitive consistency [Adler, Rodman, and du Pré 2013; Chauis 2012; DeVito 2015] as noted above.

1.4. Storage in memory

The perceived, interpreted, and (possibly) evaluated information is stored so that it might be retrieved at some later time. Knowledge structures are organized data banks of information. They guide integration, inference and memory [Hewes and Planalp 1987]. These structures are based on the selected organizational patterns described in Section 1.2. For example, if one encounters a particular product and price, one will store a particular psychological profile that corresponds to the organizational patterns, i.e. the price is fair or not. However these patterns act as gatekeepers or filters allowing only certain information to be stored in a relatively objective form. These patterns may also distort or prevent information from being stored. It is also possible that information is not stored if it is considered to be inconsistent because memory is not reproductive. Instead people reconstruct what they have heard or seen into a whole phenomenon that is meaningful to that person at that time. This depends to a great extent on the schemata and scripts one has internalized. It is this reconstruction that is stored in memory, not the actual phenomenon [DeFleur et al. 2013; Hewes and Planalp 1987; Schiffrin and Atkinson 1969; Tubbs and Moss 2013].

1.5. Retrieval from memory

At some later time it might be relevant to recall or access the information one has stored in memory. When attempting to retrieve information from memory this information may be recalled with a variety of inaccuracies. People are likely to only recall information that is consistent with a particular schema; in fact one may not even recall the specific information one is looking for but actually just the schema. It is also possible that someone does not recall information which is inconsistent with the schema; if there is no place to put the information, it can easily be lost. Or people may recall information that drastically contradicts the schema which will force people to think about the schema and its accuracy; they may actually be forced to revise the schema in general [DeFleur et al. 2013; Tubbs and Moss 2013].

2. Attitudes and satisfaction

Since perception and attitudes are closely interrelated as the above discussion of confirmed/disconfirmed expectations indicates in Section 1.3, it is necessary to take a closer look at attitudes. People react to their environment in an evaluative manner [Albarracin, Johnson, and Zanna 2005]. People evaluate themselves, others, objects, events, etc., either favourably or unfavourably. According to Eagly and Chaiken [1993], an attitude “is a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor” [p. 1]. This entity could also be, for example, the price of a product or service. Attitudes include both the judgments individuals form and the evaluative representations in memory [Fazio 1986]. When examining the deep structure of attitudes it becomes clear that one could also define attitudes as beliefs (general beliefs, not worldviews). For example, a person may believe that luxury goods are worth every penny they cost. Thus a favourable belief towards luxury goods might also contain a favourable attitude towards luxury goods.

Because attitudes and beliefs are both at some level categorizations one could argue that they are indistinguishable from one another. Although a belief and an attitude are both categorizations, and all categorizations can be conceptualized as a probability assignment, Eagly and Chaiken [1993] note that at least some beliefs can be verified or falsified with external, objective criteria whereas attitudes have more difficulty in dealing with such criteria. For example, they point out that many people may believe water freezes at 0 degrees Celsius. This belief can be verified by external evidence such as a thermometer. Sampling different individuals from different groups should have little influence on the extent to which this belief is verified in light of the external evidence. But only a few attitudes can withstand the same intersubjective validation. Most social attitudes, e.g. consumer preferences, are largely variable across individuals. Likewise attitudes can be distinguished from affective, i.e. emotional, reactions in that affective reactions are not necessarily tied to a particular object. It is, though, common to equate how one feels about an object with one’s evaluation of it. But there are several reasons to distinguish attitudes from affect. Probably the most important reason is that affect is often a powerful basis for attitudes [Wyler and Srull 1989]. It seems, though, that affect and evaluation are distinct in their actual phenomenology. For example, one may experience a nice sensory affect when passing a bakery whilst on a diet but still feel apprehensive towards cake because of the fattening side effect when eating such a cake. This example would be difficult to conceptualize if one equated attitudes with affect.

Research has revealed several components of attitudes. Katz and Stotland [1959] propose that attitudes encompass cognitive, affective and behavioural components. The cognitive component of attitudes refers to the opinion or belief segment of an attitude. The affective component refers to the emotional or feeling segment of an attitude. The behavioural component refers to the

intention(s) to behave in a certain way towards someone or something. The cognitive, affective, and behavioural components work together to create an attitude which, in turn, results in a specific behaviour. For example, a person may love apples and knows that apples are nutritious. Furthermore that person tends to eat something when feeling hungry. This will create an attitude that will cause that person to pick up and eat an apple when that person is hungry and an apple is available for eating.

Research suggests, though, that some attitudes do not have these three distinguishable components. For example, some emotional reactions towards an attitude object, for example a spider or snake, may not have any cognitive base [Zajonc 1980]. Whereas attitudes about social issues may be entirely cognitive [Olson and Maio 2003]. Likewise there are individual differences in attitude structure: Some people hold attitudes with consistent affective and cognitive components whilst others tend to give more weight to either the cognitive or the affective elements [Huskinson and Haddock 2004].

Attitudes are represented in memory as a part of a person's knowledge structures [Olson and Zanna 1993]. Attitudes can be represented in long-term memory or they manifest themselves in more temporary states of consciousness. For example, one may retrieve a well-defined memory of liking chocolate whenever snacks become relevant. But the judgment that one likes chocolate at one particular moment in time is not identical to the representation stored in one's memory. Instead the judgment represents a translation of the memory into a conscious evaluation of chocolate at that particular point in time. Although the current judgment may be derived directly from one's memory of a prior judgment people often form judgments on the basis of information that is temporarily available to them because the information is externally noticeable and/or accessible in memory at that particular moment [Higgins 1996]. That is why people's evaluations of an object can be represented in long-term memory and/or as judgments individuals form at the time the evaluation becomes relevant with the help of working memory [Albarracín, Johnson, and Zanna 2005].

Attitudes occur not only within people but also interpersonally and in the context of (micro)culture and society that transcends the individual. For example, people's attitudes are generally the result of both relatively long-term processes such as socialization and enculturation as well as relatively short-term exposure to information in the environment. These inputs undergo sequential transformations that give way to individual and social affective reactions, beliefs, attitudes and overt actions. These cognitions and behaviours acquire a life of their own and interact dynamically, generating and receiving influences in a mutual, constantly changing cycle [Adler, Rodman, and du Pré 2013; DeFleur et al. 2013; Tubbs and Moss 2013]. This dynamism has different degrees of consciousness, going from largely deliberate processes to subtle mechanisms of control that lie completely outside of awareness.

Fishbein is credited with creating the Expectancy-Value Theory which argues that attitudes are developed and modified due to assessments about beliefs and values [Fishbein and Ajzen 1975]. The theory has three basic components:

1. People respond to new information about an object or phenomenon by developing a belief about the object or phenomenon. If a belief already exists it can be modified by new information.
2. People assign a value to each attribute on which a belief is based.
3. An expectation is created or modified based on the result of a calculation based on beliefs and values.

These components are related to the principle of confirmed/disconfirmed expectations described above in the perceptual process (please see Section 1.3 above). For example, a person buying a product finds out that the manufacturer has a reputation for being environmentally friendly. The person assigns a positive value on trying to save the environment which is why this person has the expectation that buying this product will be a positive, satisfying experience. After the person has bought the product, used it, and then discovers that this company does not care about the environment, this person will assume that this is a bad product from a bad company or good product made by a bad company.

In order to explain the interaction of attitude and behaviour, Ajzen and Fishbein [1980] developed the Theory of Reasoned Action. According to that theory, behaviour results in part from intentions, i.e. a complex outcome of attitudes. Specifically one's intention to behave in a certain way is determined by one's attitude towards the behaviour and a set of beliefs about how other people would like one to behave. For example, purchasing a particular product: Should one continue buying that product or find another one? The answer to this question depends on one's attitude towards the product and the manufacturer and what one thinks other people will want one to do, e.g. the family, friends, colleagues. Each factor, one's own attitude and the opinions of others, is weighted according to its importance. Sometimes one's own attitude is most important, at other times the opinions of others and sometimes they are more or less equal in weight.

Attitudes are, thus, influenced through socialization, experience, personality and also mass media. Social interaction with other people, family members, peers, etc., can teach someone to feel favourably or unfavourably towards objects, people and prices. The actual and perceived experiences of a person influence that person's judgment along with the opinion of others who are important to that person [Adler, Rodman, and du Pré 2013; DeFleur et al. 2013; Tubbs and Moss 2013].

Attitudes serve a number of important functions in that they allow people to express their beliefs and values, adjust their behaviour, acquire knowledge whilst also helping protect one's ego. Studies have shown that people evaluate objects or people that are paired repeatedly with positive experiences more positively than those associated with negative experiences [Klopf 1998]. This can have obvious consequences as to whether a customer repurchases product or not.

Attitudes can be difficult to change because a person might have insufficient information to facilitate a change in an existing attitude. Change might also be difficult because it could result in escalating a person's commitment. People are typically committed to a particular cause and are unwilling to change this attitude. Change can also result in cognitive dissonance, i.e. any incompatibility between two or more attitudes or between behaviour and attitudes. The discomfort people experience through cognitive dissonance leads to efforts designed to reduce the tension by changing the attitudes, the behaviour, or rationalizing the inconsistency [Festinger 1957].

Consequently attitudes can and do change depending on the degree to which they are held and/or if the reference groups change as postulated by Ajzen and Fishbein [1980]. For example, the ability to purchase a luxury product may change one's attitudes towards luxury products because one values status, likes the new product and its features and one is able to afford the price. Attitudes change also because of altered reinforcement contingencies. For example, starting to work for a manufacturer of luxury goods may cause a person to develop a more positive attitude towards luxury products than one has had prior to working there. Attitudes change because of persuasive communication. For example, a credible message about the importance of buying a particular product may cause a person to purchase such a product. What is considered a credible message depends on the subject matter, the person involved, the source of that message as well as the availability of and accessibility to an option. Interestingly Rothenberger [2015] comes to a similar conclusion with regard to perceived price fairness.

Attitude surveys are often conducted to find out how satisfied customers are with a product or service and its price. For example, the American Customer Satisfaction Index developed by the National Quality Research Center at the University of Michigan. Satisfaction is usually defined as the degree to which a product or service meets or surpasses the customer's expectations [Farris et al. 2006; Johnson and Fornell 1991]. That is, individuals expect a certain outcome and if they perceive that this has been attained they will be satisfied. If not, they will be dissatisfied which corresponds to the confirmed/disconfirmed expectations of the perceptual process (see Section 1.3).

This phenomenon is explained by Oliver's [1977, 1980] Expectation Confirmation Theory. The theory postulates that people have certain expectations which predict how an event will play out. Those expectations determine the satisfaction people will have during and after the performance. These expectations also influence the perception of the performance and influence the post-performance satisfaction. Pre-performance expectations form the basis for comparison against which the actual performance is judged. Perceived performance is the person's perception of the actual performance. When the perceived performance of the product is judged better than expected, then the expectations are confirmed which will increase the post-purchase satisfaction. When

it is judged worse than expected then the evaluation will be negative (i.e. disconfirmed) which will decrease the post-purchase satisfaction. Post-purchase satisfaction refers to the extent to which people are satisfied with the perceived performance of a product with regard to their initial pre-purchase expectations. This conforms to the perceptual process (please see Section 1.3 above).

3. Relationships and trust

Successful business relationships revolve around interpersonal relationships because it is people who conduct business [Friman et al. 2002; Walter, Ritter, and Gemünden 2001; Yeung and Tung 1996]. Relationships are also important to perceived price fairness as the research of Chapuis [2012] and Rothenberger [2015] indicates. It is people who build and maintain those relationships. That is why it is important to also take a brief look at relationships and how they may influence perceived price fairness. From the subsequent discussion, it will become apparent why it is so important for retailers to establish good relationships and trust with their customers.

The Communication Accommodation Theory [Giles, Coupland, and Coupland 1991] is based on three primary concepts: Convergence, divergence and maintenance. Convergence refers to the change of one's language, vocabulary, speech style, speech rate or tone of voice to become similar to one's communication partner. It functions to show solidarity, enhance understanding or seek approval. In contrast, divergence refers to the emphasis of speech differences between the interactors. Maintenance refers to the continuing use of one's speech style in interactions with or without reference to the other's style. During interpersonal interactions, convergence tends to increase attraction between the interactors and divergence tends to inhibit it. Gielissen, Dutilh, and Graafland [2008] come to a similar conclusion in their study of perceived price fairness. That is why it is important for retailers to literally speak the language of their customers.

The Communication Accommodation Theory proposes that the initial orientation of interpersonal encounters is strongly affected by one's personal and social identity which tends to let one view interactions in a particular way [Giles, Coupland, and Coupland 1991]. But the situational constraints, such as the norms, topics and competitiveness of each interaction are likely to change the initial orientation of the interactors. During the interaction, people begin to employ different strategies to identify themselves as speakers or to react to the others. These strategies may include [DeVito 2015; Gamble and Gamble 2012]:

- (a) Individual factors such as personal goals and likes and dislikes,
- (b) Sociolinguistic and behavioural skills in encoding and decoding verbal and non-verbal messages, i.e. cultural preferences,
- (c) Evaluating one's own behaviour and that of others to determine how that interaction is to be viewed.

This evaluation will then either change or reinforce the initial orientation during the next interaction, i.e. monitoring and self-control.

In some situations people are consciously aware of how they interact with others whilst in other situations they are not [Adler, Rodman, and du Pré 2013]. Abelson [1981] postulates that people use scripts for many routine situations which do not require complete conscious awareness to facilitate an uninterrupted flow of communication. Some people are much more aware of their behaviour than others [Gamble and Gamble 2012]. These are called high self-monitors who have the ability to pay attention to their own behaviour and others' reactions, adjusting their communication to create the desired impression. Low self-monitors express what they are thinking and feeling without much attention to the impression their behaviour creates in others. People differ in their degree of identity management [Adler, Rodman, and du Pré 2013]. For example, one may only select that information which confirms one's own self-concept and ignore the rest, i.e. selective perception. Self-awareness, thus, has considerable impact on how one monitors one's own behaviour and communication and that of others. That is why retailers need to be aware of how their products and prices are being perceived by consumers.

To understand others one must understand how they look at the world and other people. Self-awareness and how you are perceived by others can be explored through a psychological testing device known as the Johari Window created by Luft and Ingham [1955]. The Johari Window consists of four quadrants; namely, the open, blind, hidden, and unknown "panes" [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012]. The Open pane refers to information about oneself that is known to oneself and others [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012]. The size of this quadrant varies from one relationship to another and depends on the degree of closeness and trust one shares with another person. The Blind pane contains information about oneself of which others are aware but of which oneself is not aware [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012]. Some people have a very large blind area and are unaware of their own faults and virtues. The Hidden pane represents one's hidden self [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012]. It contains information one knows about oneself but does not want others to know for fear of being rejected. As one moves from the Hidden pane to the Open pane one is engaged in self-disclosure. Self-disclosure occurs when one deliberately reveals to others information about oneself that the other person would otherwise not know [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012]. Finally the Unknown pane contains information about oneself of which neither oneself nor others are aware of [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012].

People, and by extension also companies, typically develop a style that is a consistent and preferred way of behaving towards and communicating with others. Some are very open. Their relationships with others are characterized

by candor, openness and sensitivity to the needs and insights of others. Others have a large hidden area. They desire relationships but also greatly fear exposure and generally mistrust others. If the blind area dominates then such persons (or companies) are overly confident of their own opinions and painfully unaware of how they affect or are perceived by others. People (or companies) who are dominated by the unknown area adopt a fairly impersonal approach to relationships. Such people (or companies) usually withdraw from others, avoid disclosure or involvements and project an image that is rigid, aloof and uncommunicative [Adler, Rodman, and du Pré 2013; Gamble and Gamble 2012] which is why they will probably be perceived negatively by consumers.

Relationships are dynamic and influenced through communication with others. Relationships are hierarchical and include strangers, acquaintances and intimate friends. Different levels of relationships call for different degrees of involvement. Relationships are reciprocal and exist when members in relationship networks satisfy each other's needs [DeVito 2015]. Prolonged reciprocal incompatibility usually results in a breakdown of the relationship. The Social Exchange Theory [Thibaut and Kelley 1959] postulates that people will only work to maintain a relationship as long as the perceived benefits outweigh the costs. The benefits can include self-worth, sense of personal growth, greater sense of security, increased ability to cope with problems and additional resources. Costs can include the time spent trying to make the relationship work, psychological and physical stress and damaged self-image. People enter a relationship with a comparison level in mind [DeVito 2015]. People have a general idea, standard or expectation of the kind of rewards and profits they believe they ought to receive out of the relationship. When the rewards equal or surpass the comparison level people feel satisfied about the relationship. People also have a comparison level for alternatives [Thibaut and Kelley 1959]. People compare the rewards they receive from a current relationship with those they think they can obtain from an alternative relationship. If it is assumed the present relationship rewards are below those they could receive from an alternative then they might exit the present relationship. People use communication to explore a relationship in order to determine if they wish to maintain the relationship or not [DeVito 2015], i.e. the Social Penetration Theory which proposes that the development of relationships is determined by the information one discloses to the other person [Altman and Taylor 1973]. That is why it is critically important for retailers to be aware of this development; otherwise they may lose a valuable customer.

The Uncertainty Reduction Theory [Berger and Calabrese 1975] examines how people come to know each other in the initial stage of relationship development. Uncertainty refers to the cognitive inability to explain one's own or another's feelings and behaviours in interactions because an ambiguous situation evokes anxiety. The theory proposes that interpersonal relationships develop and progress when people are able to reduce the uncertainty about each other.

That is why people seek to reduce uncertainty by exchanging information in the process of relationship development and whilst building trust.

Trust is an outgrowth of interpersonal communication and very important for interpersonal relationships [DeVito 2015; Gamble and Gamble 2012]. As Rothenberger [2015] discovered trust also has a positive impact on perceived price fairness. Trust is a reflection of how secure one is that other people will act in a predicted and desired way. When one trusts other people one is confident that they will behave as one expects and that they will not use whatever personal information one has revealed to them to harm one. The degree of trust one has in others depends on whether prior relationships reinforced trusting behaviour or consolidated fears about the risks of exhibiting trusting behaviour [DeVito 2015; Gamble and Gamble 2012]. Trust is built by developing a positive communication climate that recognizes and acknowledges the other person's ideas and messages in a positive manner. Disconfirming responses, i.e. messages that deny the value of the other person's ideas, can prevent the establishment of trustful relationships as the Communication Accommodation Theory postulates [Adler, Rodman, and du Pré 2013]. This does not mean, though, that one cannot disagree with the other person's opinion. What is important is how one communicates such disagreement. In other words one needs to avoid personal attacks and/or messages that can be construed as being hurtful [Adler, Rodman, and du Pré 2013].

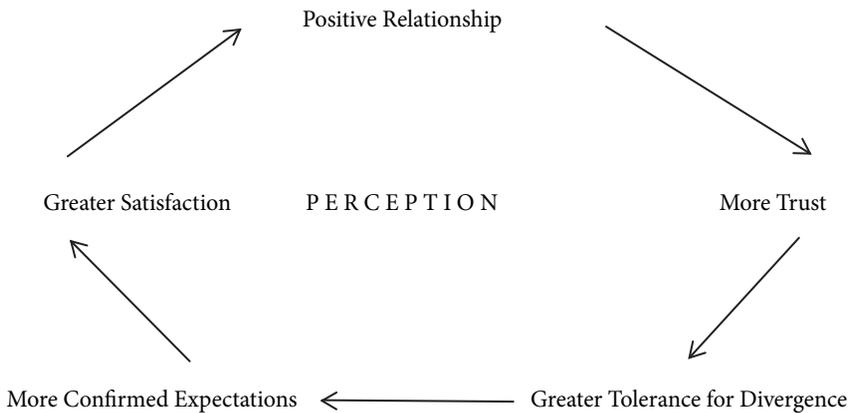
Trust creates a paradox: To be able to trust, one must be willing to take the risk of trusting [Rawlins 1983; Rempel and Holmes 1986; Rempel, Holmes, and Zanna 1985]. When one risks revealing hidden information about oneself to another person then one risks being wrong because the other person could use that information against one. If one fails to take that risk, however, one can never build trustful relationships with others [Rawlins 1983; Rempel and Holmes 1986; Rempel, Holmes, and Zanna 1985]. Tolerance of vulnerability is the degree of trust one places in another person to accept information one discloses without that person hurting one or the relationship [Rawlins 1983]. At the same time trust creates greater tolerance for divergent behaviour and communication because a trusted person is given the benefit of the doubt. In fact one may even make excuses for the behaviour and communication of the other as is explained above by the principles of rationalization and cognitive consistency [Adler, Rodman, and du Pré 2013; DeVito 2015; Gamble and Gamble 2012]. For example, when a price is increased by a retailer those customers who trust the retailer will accept the higher price (assuming, though, that the increase is justified and reasonable) because they will rationalize that it is necessary for the retailer to increase the price. After all, so the customer might argue, the raw material prices increased and the employees got a pay rise; hence, the necessity of the retailer to increase the price [Campbell 1999; Cox 2001; Kristensen 2000; Rothenberger 2015]. Trust, thus, means that both interactors need to be open and practice self-disclosure to reduce the hidden

area of the Johari Window and reduce uncertainty. This is not the case if no trustful relationship exists with the retailer. That is why retailers and/or service providers need to be open and self-disclose their price policy to consumers if the price is to be perceived as fair.

Conclusions

All together the above discussion demonstrates the interrelationship of a positive relationship, trust and tolerance of divergence resulting in more confirmed expectations and creating more satisfaction. All of these factors have a positive impact on perceived price fairness. This should not come as a surprise because Systems Theory argues that individual components viewed separately or in isolation cannot explain entire phenomena. In fact the individual components can only be understood through their interrelationship with one another and within the context of the entire phenomenon. That is why perception, attitudes, satisfaction, relationships and trust have to be seen and understood together; in particular, how these components interact with one another to form a holistic system and influence perceived price fairness.

The interrelationship of these components can be illustrated as follows:



If a positive relationship is established and/or exists already with the help of self-disclosure, then it will generally result in more trust because positive relationships help increase trust due to reduced uncertainty and greater predictability. This, in turn, creates a greater tolerance of divergence amongst the interactors allowing one or both parties to accept deviations from agreed standards. With more tolerance for divergence the expectations are more likely to be confirmed. After all there is more “room” within which the perceived performance of the purchased product or service can fit. This will create greater overall satisfaction with the purchased product or service. Satisfaction will

reinforce the existing relationship, making it more positive and resulting in more self-disclosure which will reinforce and strengthen the trust even further; hence, creating even more tolerance for divergence and ensuring more confirmed expectations resulting in even greater satisfaction and stronger relationships, etc. All of this occurs against the background of perception because it is the principles of perception which guide and determine how one interprets and evaluates the relationship, the trust the interactors have in each other, the expectations they project into the relationship and the product or service they purchase and whether or not the interaction and transaction is considered to be satisfactory or not which, in turn, influences how the overall relationship is perceived by the interactors. That is why these constructs are so closely linked to one another and why they need to be considered within the context of perceived price fairness. That is also why it is so important for retailers and service providers to establish positive relationships with their customers based on trust because a trustful relationship will have a positive impact on the perception of whether a price is considered fair or not.

Future empirical research ought to determine whether the above inter-relationships actually exist. Recent empirical research points in this direction as noted in the Introduction. But since this recent research only looked at particular components in isolation it might be well worth the effort to see if the combination of all interrelated factors reacts as postulated in this paper.

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Aims and Scope

Economics and Business Review is the successor to the Poznań University of Economics Review which was published by the Poznań University of Economics and Business Press in 2001–2014. The Economics and Business Review is a quarterly journal focusing on theoretical and applied research work in the fields of economics, management and finance. The Review welcomes the submission of articles for publication dealing with micro, mezzo and macro issues. All texts are double-blind assessed by independent reviewers prior to acceptance.

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