

**THE IMPACT OF PERCEIVED PRICE FAIRNESS AND CONSUMER
ETHNOCENTRISM ON CONUMERS' PURCHASE INTENTIONS:
AN EXPLORATORY ASSESSMENT**

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ABSTRACT

This research has been conducted to explore the effects of consumer ethnocentrism and fairness perceptions of consumers on behavioral intentions of consumers when faced with price increases made by foreign or local firms with low and high market shares. This study also tried to analyze whether consumers suspect the motives behind price increases of the firms. These research objectives have not been examined in Turkish marketing society extensively.

The dual entitlement principle, attribution theory, and consumer ethnocentrism concepts have been used in the conceptual framework of the study. Subjects were exposed to one of the four different fictional scenarios before responding to the questions and statements in the questionnaire. The findings revealed that consumer ethnocentrism had a significant effect on purchase intention for high market share foreign firm, while perceived fairness had significant effect for high and low market shareTurkish firms and low market share foreign firm.

It was also seen that “profit” was evaluated as the major motive for raising prices, and consistent with the DE principle, subjects responded negatively to “fairness of price increase due to extraction of higher profits” for all firms. On the other hand, price increases due to “rising costs” or “quality improvement” were assessed to be fair.

ÖZET

Bu araştırma, tüketici etnosentrizmi ve adalet algısının düşük veya yüksek pazar payına sahip yabancı veya yerli firmalar tarafından yapılan fiyat artışlarıyla karşılaşan tüketicilerin davranışsal niyetleri üzerindeki etkilerini ortaya koymak için yapılmıştır. Bu çalışma ayrıca tüketicilerin firmaların yaptığı fiyat artışlarının gerekçelerini şüpheyle karşılayıp karşılamadıklarını da tetkik etmektedir. Bu araştırma amaçları Türk pazarlama topluluğu içerisinde yaygın bir biçimde incelenmemiştir.

Çift-taraflı haklılık ilkesi, yükleme teorisi ve tüketici etnosentrizmi kavramı çalışmanın kavramsal çerçevesi içerisinde kullanılmıştır. Denekler anket formunda yer alan soru ve ifadeleri yanıtlamadan önce dört farklı kurgusal senaryodan birine maruz bırakılmışlardır. Bulgular, tüketici etnosentrizminin satın alma niyeti üzerinde yüksek pazar payına sahip yabancı firma durumunda, adalet algısının ise yüksek ve düşük pazar

payına sahip Türk firmaları ve düşük pazar payına sahip yabancı firma durumunda etkisi olduğunu ortaya koynuştur.

Ayrıca, “kar” güdüsünün fiyat artışının temel gerekçesi olduğu ve çift-tarafli haklılık ilkesi ile tutarlı bir biçimde deneklerin tüm firmalar için kar amacı güderek yapılan fiyat artışını olumsuz olarak değerlendirdiği görülmüştür. Buna karşılık, “maliyet artışı” veya “kalite geliştirme” gerekçesiyle yapılan fiyat artırımını adil olarak değerlendirilmiştir.

Key Words: The Dual Entitlement Principle, Attribution Theory, Consumer Ethnocentrism, perceived fairness, pricing.

1. Introduction

Price has been one of the most important variables influencing behaviors of both consumers and firms. While firms make efforts to maximize their profits mostly based on the price of the product, consumers try to find the best priced goods and services that will provide maximum benefit. Therefore, it is of vital importance for firms to be able “to predict how consumers are likely to respond to different price points or price changes” (Campbell, 1999). It has been long offered that perceived fairness of price increase has a major impact on consumers’ reactions to strategic pricing decisions (Sinha and Batra, 1999; Kahneman, Knetsch and Thaler, 1986). Responses of people to price increases are likely to vary according to factors such as, product category, level of price increase, and behavioral properties of consumer groups. Along with these factors, level of consumer ethnocentrism is also likely to play a role in consumers’ purchase decisions especially for foreign brands.

Currently, globalization of markets increasingly offers important opportunities and threats both for local and international firms. National borders are gradually disappearing and opening new avenues for international trade, causing increased consumption of products marketed by international firms worldwide. Thus, local firms encounter difficulties in competing against global brands, and national economies are being threatened. While some consumers are not knowledgeable enough to differentiate between local brands and international brands, others develop a feeling of necessity to protect local brands over international brands. Such a feeling which can be identified as “consumer ethnocentrism” represents normative beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products (Shimp and Sharma, 1987; Herche, 1992). This inevitable development of consumer ethnocentrism concept led to a wider consensus among consumers living in developing countries to be more sensitive to purchasing foreign products which hurts the domestic economy and causes unemployment.

The major objective of this research is to explore how consumers’ ethnocentric tendencies and fairness perceptions influence their behavioral intentions when faced with price increases made by foreign or local firms with different market shares. Second objective is to analyze whether consumers suspect the motives behind price increases of the firms. This study intends to explore above mentioned issues since they have not been examined in Turkish marketing society yet.

The layout of this paper is as follows. First, the relevant conceptual framework and theoretical background about the dual entitlement principle and attribution theory which is widely used in perceived fairness research and consumer ethnocentrism will be provided. Next, methodological issues about this research will be presented. Following this, results and implications of the study will be discussed

2. Conceptual Framework and Theoretical Background

Previous research employed various theories and frameworks to analyze fairness perceptions of consumers regarding price increases made by firms. Price fairness is defined as “a consumer’s assessment and associated emotions of whether the difference between a seller’s price and the price of a comparative other party is reasonable, acceptable, or justifiable” (Xia, Monroe, and Cox, 2004). Among many theories, the dual entitlement principle and attribution theory are widely used in analyzing fairness perceptions. On the other hand, the use of consumer ethnocentrism concept and market share within this context is not frequent (Winit and Gregory, 2009). Below, literature on the use of the dual entitlement theory, attribution theory, and consumer ethnocentrism concept in perceived fairness research has been addressed.

2.1 The Dual Entitlement Principle

The dual entitlement (the DE, hereafter) principle simply advocates that customers are entitled to purchase a product at affordable price and sellers are entitled to gain a reasonable profit (Kahneman, Knetsch and Thaler, 1986; Bechwati, Sisodia, and Sheth, 2009). Urbany, Madden, and Dickson (1989) summarize the basic tenets of the DE principle as follows:

1. *Raising price to **maintain profits** is fair (i.e., perceived by buyers to be fair). As such, a cost-justified price increase is fair, even though it occurs at the expense of buyers.*
2. *Raising price to **increase profits** is not fair.*
3. *Maintaining price in the face of a cost decline (which leads to an **increase in profits**) is fair since consumers will continue paying the price they are entitled to.”*

In general, consumers regard demand-based pricing as an approach increasing value of the firm without increasing value of the consumer or an approach extremely reducing value of consumer without a similar reduction in prices (Dickson and Kalapurakal, 1994). In such a case, consumers regard this pricing as unfair. For example, if a restaurant substantially increases prices on the menu without a significant reason, then value of the firm will increase, but value of the consumer will be reduced. In this case, consumers perceive price increase as unfair based on the DE principle. Similarly, if a restaurant substantially limits the service offered against a minor price discount, price discount of the enterprise will be perceived as unfair (Kimes and Wirtz, 2002).

Normally, when consumers perceive price as unfair, they should no longer patronize the seller as long as there is no (or relatively low) switching costs (Urbany, Madden, and Dickson, 1989; Stigler, 1961). However, past findings revealed that fairness perceptions might not be as important as expected. In a similar manner, Bolton and Alba (2006) argued that consumers are not fully “cognizant” of the sellers’ costs which cause the DE principle not to hold as originated. It was also proposed that the DE principle is far from being universal (Novoseltsev and Warlop, 2002).

2.2 Attribution Theory

Kahneman, Knetsch and Thaler (1986) concluded that judgments about perceived fairness are subject to substantial framing effects (Kalapurakal, Dickson, and Urbany, 1991). Attribution theory is employed in analyzing such framing effects. Although it is not specifically designed to explain fairness, attribution theory is one of the important concepts of social psychology and tries to define how people make sense of the actions of others through the assignation of causes for those actions. According to attribution theory, consumers are trying to attribute a sense of price increases and events are examined within the framework of causality.

Attribution theory stems from cognitive social psychology and tries to explain why people behave the way they do. It provides insight to the inferences that people make about the reasons of occurrence of the events (Campbell, 1999). For instance, pedestrians are accused by drivers and drivers are accused by pedestrians during the accidents. That is why social psychologists are especially interested at how normal person perceives others’ behaviors and what are the reasons and explanations of this behavior.

Perception is the conversion process of recognition, selection, interpretation and sensorial impulses into a meaningful picture in an individual’s internal world and it is one of the most commonly examined topics in the field of consumer behaviors (Uhl and Brown, 2005). On the other hand, fairness is the belief on correctness of an outcome, process or an interaction (Martin, Ponder, and Lueg, 2009). As a result, perceived fairness of price is one of the important concepts that consumers use in their product selections and purchase behavior. To mention this in more detail, Campbell (1999) states that “people make inferences about motives and that whether the inferred motive is positive or negative influences perceptions of the act.” For example, when consumers perceive the motive behind the price increase to be negative, then they perceive this act as unfair. On the other hand, if sellers offer a reasonable justification for price increases (e.g., increases in costs of raw materials), then it will be more likely that consumers believe to the sellers’ argument and perceive the price increase as fair (Bechvati, Sisodia, and Sheth, 2009).

2.3 Consumer Ethnocentrism

Ethnocentrism represents a tendency where the individual perceives the affiliated group at the center of the universe (Shimp and Sharma, 1987). While ethnocentrism is a sociological construct, consumer ethnocentrism which is a more economic oriented derivative represents the beliefs held by consumers about the appropriateness, indeed

morality, of purchasing foreign-made products (Shimp and Sharma 1987; Sharma, Shimp, and Shin, 1995). Consequently, consumer ethnocentrism refers to the tendency of consumers' refusal of purchasing foreign products and preference of purchasing local products instead. Parallel to this, highly ethnocentric consumers might be more willing to pay higher prices for local products over foreign products up to a certain threshold (Winit and Gregory, 2009). The issue for the local firms here is to be able to determine the appropriate threshold.

Past literature demonstrates somewhat appealing findings about the theoretical framework on the effects of consumer ethnocentrism. For example, based on the research findings by D'Silva, Modi, and Bulsara (2008) and Kukar-Kinney, Xia, and Monroe (2007), it may be argued that low ethnocentric individuals might be more likely to perceive price increases of foreign products fairer, because such individuals tend to attach more value to foreign products. Therefore, it was argued that the higher value of the product, the fairer the price increase perception by consumers.

3. Methodology

This study employed a 2 x 2 between subjects design where the factors were market share (i.e., high vs. low) and country of origin of the product (i.e., foreign vs. Turkish). Despite the use of an experimental design, the intention of the study was not to offer causal explanations for the findings. The findings were intended to be used for exploratory purposes.

3.1 Research Objectives

As mentioned above, this research aims to explore how consumer ethnocentrism and perceived fairness of price increase influence purchase intentions of consumers when faced price increases made by foreign or local firms with different market shares. Also, this study aims to analyze how consumers assess the motives behind price increases. Since there is almost no existing literature in Turkey about the effects of perceived fairness and consumer ethnocentrism, this study targets to shed light on this issue. The analysis model that is used in this study is presented below in Figure 1.

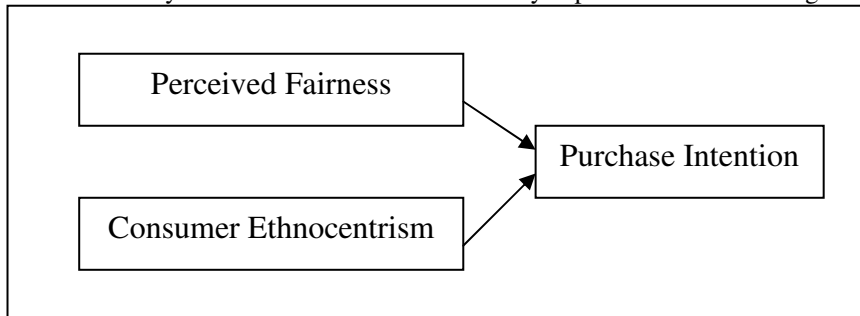


Figure 1: Analysis Model

3.2 Sample and Data Collection

A total number of 201 subjects consisting of undergraduate and graduate business students in one of the southern universities and in one of the Northern Cypriot universities who are fluent in English participated in the study to earn extra credit. Thirty-four of these subjects were eliminated from the analysis since they could not respond to the manipulation check questions correctly. Responses of the remaining 167 subjects were used in further analyses. There were 42 subjects in cell 1 (Foreign x High Market Share), 43 subjects in cell 2 (Turkish x High Market Share), 38 subjects in cell 3 (Foreign x Low Market Share), and 44 subjects in cell 4 (Turkish x Low Market Share). Data regarding characteristics of participants are provided in Table 1.

Table 1: Characteristics of the Sample

<i>Gender</i>	f	%
Male	103	61,7
Female	64	38,3
Not responded	0	0
<i>Total</i>	<i>167</i>	<i>100,0</i>
<i>Household Income</i>	f	%
24,000 TL and below	54	32,3
24.001 – 60.000 TL	72	43,1
60.001 – 120.000 TL	33	19,8
120.000 TL above	6	3,6
Not responded	2	1,2
<i>Total</i>	<i>167</i>	<i>100,0</i>

3.3 Stimuli

All subjects were exposed to one of the four fictional scenarios before responding to the questions and statements presented in the questionnaire. Subjects were told that the scenario that they were about to read was a news report that will be published very soon in the business section of a national newspaper. Almost one quarter of the subjects were exposed to a news report about a foreign brand with high market share, the second one quarter of the subjects were exposed to a news report about a Turkish brand with high market share, the third one quarter of the subjects were exposed to a news report about a foreign brand with low market share, and finally the last quarter of the subjects were exposed to a news report about a Turkish brand with low market share. The news report included information about the nationality and market share of the firm, but did

not give any information about the motives behind the decision of price increase that is about to take place very soon. After reading the news report, subjects responded to questions and statements about the constructs mentioned below.

Independent Variables: In this study, perceived fairness and consumer ethnocentrism are used as independent variables. Perceived fairness variable was measured by “In your opinion, how fair is brand XYZ’s decision to raise retail prices for its models?” on a seven-point scale with “not fair at all/very fair” endpoints.

The other independent variable, consumer ethnocentrism was measured by the ten-item version of CETSCALE (Shimp and Sharma, 1987). Coefficient alpha for consumer ethnocentrism scale was 0,88, and inter-item correlations ranged between 0,14 and 0,64 as shown in Table 2.

Table 2: Reliability Analysis about Variables

	Inter-item Correlations Range	Coefficient α
Consumer Ethnocentrism	0,14 – 0,64	0,88
Purchase Intention	0,43 – 0,62	0,81

Dependent Variable: The dependent variable, purchase intention, was measured by four 7-point semantic differential scales. These items were: “After reading the news report about its decision to change prices, how likely is it that you would consider brand XYZ the next time you intend to buy a soft drink?” (not likely at all/extremely likely); “If you were to predict the likelihood of your purchasing brand XYZ the next time you shop for a soft drink, what would it be?” (not at all likely to purchase/extremely likely to purchase); “In your opinion, brand XYZ:” (would be a bad buy for the money/would be a good buy for the money); and “Do you think purchasing brand XYZ would be worth the money?” (not at all/definitely). Coefficient alpha for purchase intention scale was 0,81, and interitem correlations ranged from 0,43 to 0,62. Correlations among dependent and independent variables are presented in Table 3.

Table 3: Correlations among Variables

	Perceived Fairness	Consumer Ethnocentrism	Purchase Intention
Perceived Fairness	1		
Consumer Ethnocentrism	0,12	1	
Purchase Intention	0,46*	0,22*	1

* Significant at 0.01 level.

Other Variables: There were several other variables that were of interest were also measured. For example, “How acceptable to you is brand XYZ’s decision to raise its prices?” (anchored with not acceptable at all/extremely acceptable), was asked to assess the acceptability level of such a move by the company by respondents. Another question was “Brand XYZ has a negative motive behind its decision to raise prices”

(anchored with strongly disagree/strongly agree). One other question was “In your opinion, brand XYZ’s motive behind its decision to raise prices is: (with bad/good anchors).

Since there was no information provided to the respondents in the scenario they were exposed to about the motive of the company in raising its prices, respondents were asked to respond to additional statements about possible motives of the company. The results about these statements are presented later in Table 7 and Table 8.

3.4 Analyses and Findings

Initially, regression analyses were performed on the whole data set and on each separate cell. The effects of perceived fairness of price increase and consumer ethnocentrism on purchase intentions of consumers were examined and the results are reported in Table 4. When the whole data set was used in the regression analysis, it was found that both independent variables were significant predictors of purchase intention explaining 23 percent of the variation ($F_{2,163}=26,03$; $p<0,05$). Between the two independent variables, perceived fairness was a stronger predictor of perceived fairness than consumer ethnocentrism. The regression model with these two independent variables was significant for all scenario conditions as well (F-values ranging from 3,38 to 15,42).

Table 4: Regression Analysis on Purchase Intention

Dependent Variable: Purchase Intention	β	p-value (β)	Adjusted R²	F-value	p-value(F)
<i>Overall Data</i>					
Perceived Fairness	0,444	0,000	0,23	26,03	0,000
Consumer Ethnocentrism	0,164	0,018			
<i>Foreign x High Market Share (Cell 1)</i>					
Perceived Fairness	0,054	0,718	0,10	3,38	0,044
Consumer Ethnocentrism	0,383	0,013			
<i>Turkish x High Market Share (Cell 2)</i>					
Perceived Fairness	0,645	0,000	0,41	15,42	0,000
Consumer Ethnocentrism	0,115	0,342			
<i>Foreign x Low Market Share (Cell 3)</i>					
Perceived Fairness	0,604	0,000	0,31	9,30	0,001
Consumer Ethnocentrism	-0,099	0,484			
<i>Turkish x Low Market Share (Cell 4)</i>					
Perceived Fairness	0,587	0,000	0,32	11,13	0,000
Consumer Ethnocentrism	0,042	0,744			

However, when the regression analyses performed for each separate scenario conditions, except for Foreign x High Market Share (Cell 1) condition, consumer ethnocentrism turned out to have insignificant effect on purchase intentions of consumers while perceived fairness had highly significant effect. Under Foreign x High

Market Share condition, completely opposite results were seen. This time, consumer ethnocentrism was a significant predictor of purchase intention while perceived fairness had an insignificant effect ($Adj. R^2_{Cell 1} = . 0,10$). The explained variation in Cell 1 was lowest among all other cells which were 0,41 for Cell 2, 0,31 for Cell 3, and 0,32 for Cell 4.

ANOVA and further post-hoc tests were conducted to find out whether there are significant differences among groups on perceived fairness, consumer ethnocentrism, and purchase intention. Analyses results are reported in Tables 5 and 6 below. The results revealed that there was no significant difference among groups with respect to the participants' perception of price increase ($F_{3,162}=0,41$; $p>0,05$). All subjects in every group consistently perceived the price increase by all firms (either foreign or Turkish; either high market share or low market share) below the midpoint of the scale, as unfair (means ranging between 2,77 and 3,14).

Table 5: Comparison of Scenario Manipulations

Dependent Variables	Independent Variable (Scenario)	N	Mean	s.d.	F-value	p-value
Perceived Fairness	<i>Foreign x High Market Share (Cell 1)</i>	42	3,14	1,46	0,41	0,745
	<i>Turkish x High Market Share (Cell 2)</i>	42	3,00	1,79		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	3,00	1,77		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	2,77	1,22		
Consumer Ethnocentrism	<i>Foreign x High Market Share (Cell 1)</i>	42	4,79	1,14	7,32	0,000
	<i>Turkish x High Market Share (Cell 2)</i>	42	4,72	0,93		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	3,96	1,53		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	3,92	0,85		
Purchase Intention	<i>Foreign x High Market Share (Cell 1)</i>	42	3,15	1,40	2,20	0,090
	<i>Turkish x High Market Share (Cell 2)</i>	42	3,20	1,30		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	2,91	1,29		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	2,57	1,15		

Table 6: Post-Hoc Tests (Tukey HSD)

Dependent Variables	(I) Scenario	(J) Scenario	Difference (I-J)	Std. Error	p-value
Perceived Fairness	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x High Mkt. Share (Cell 2)</i>	0,1429	0,34	0,975
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,1429	0,35	0,977
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,3701	0,34	0,694
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,0000	0,34	1,000
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,2273	0,34	0,906
	<i>Foreign x Low Mkt. Share (Cell 3)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,2273	0,35	0,914
Consumer Ethnocentrism	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x High Mkt. Share (Cell 2)</i>	0,0728	0,24	0,991
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,8355*	0,25	0,006
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,8683*	0,24	0,003
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,7626*	0,25	0,015
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,7955*	0,24	0,007
	<i>Foreign x Low Mkt. Share (Cell 3)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,0328	0,25	0,999
Purchase Intention	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x High Mkt. Share (Cell 2)</i>	-0,0476	0,28	0,998
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,2469	0,29	0,827
	<i>Foreign x High Mkt..Share (Cell 1)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,5866	0,28	0,153
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Foreign x Low Mkt. Share (Cell 3)</i>	0,2945	0,29	0,737
	<i>Turkish x High Mkt. Share (Cell 2)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,6342	0,28	0,106
	<i>Foreign x Low Mkt. Share (Cell 3)</i>	<i>Turkish x Low Mkt. Share (Cell 4)</i>	0,3397	0,28	0,633

* Differences (I-J) are significant at 0.05 level.

Consumer ethnocentrism was found to be significantly different among groups ($F_{3, 162}=7,32$; $p<0,05$). However, the results were worth further thought since consumer ethnocentrism under high market share condition ($\text{Mean}_{\text{Cells 1\&2}}=4,76$) was higher than under low market share condition ($\text{Mean}_{\text{Cells 3\&4}}=3,94$) with no difference between being a foreign or Turkish firm. As reported in Table 6, the differences among cells were witnessed between Cell 1 and Cell 3 conditions ($\text{Mean}_{\text{Cell 1}}=4,79$; $\text{Mean}_{\text{Cell 3}}=3,96$; $p<0,05$), Cell 1 and Cell 4 conditions ($\text{Mean}_{\text{Cell 1}}=4,79$; $\text{Mean}_{\text{Cell 4}}=3,92$; $p<0,05$), Cell 2 and Cell 3 conditions ($\text{Mean}_{\text{Cell 2}}=4,72$; $\text{Mean}_{\text{Cell 3}}=3,96$; $p<0,05$), and Cell 2 and Cell 4 conditions ($\text{Mean}_{\text{Cell 2}}=4,72$; $\text{Mean}_{\text{Cell 4}}=3,92$; $p<0,05$). Other comparisons revealed no significant results.

The comparison of purchase intention levels of groups showed that they were not significantly different ($F_{3, 162}=2,20$; $p>0,05$). Initially, it was expected that foreign firms would be more likely to be affected more negatively than Turkish firms. Such expectation could not be confirmed. Interestingly, participants' purchase intentions for high market share brands ($\text{Mean}_{\text{Cell 1}}=3,15$; $\text{Mean}_{\text{Cell 2}}=3,20$) were higher than low market share brands ($\text{Mean}_{\text{Cell 3}}=2,91$; $\text{Mean}_{\text{Cell 4}}=2,57$). Purchase intention of consumers seems to be more negatively affected by a price increase when the firm has a low market share.

Table 7 reports the ANOVA results for participants' responses about firms' motives for raising prices. Among three different possible motives that were provided to respondents, only increasing the price because of "trying to extract higher profits from existing loyal customers" was greater than the midpoint of the scale ($\text{Mean}_{\text{Profit}}=5,24$). Other motives, "rising costs in the industry" ($\text{Mean}_{\text{Rising Costs}}=3,95$) and "improving quality of the products" ($\text{Mean}_{\text{Improve Quality}}=3,82$) were lower than the midpoint. However, these two motives were the ones which had significant differences among groups (Rising Costs: $F_{3, 162}=3,07$; $p<0,05$; Improving Quality: $F_{3, 162}=3,00$; $p<0,05$). The means of groups for profit motive did not differ among groups ($F_{3, 162}=0,40$; $p>0,05$).

Although not provided in a table in this article, post hoc tests on firms' motives for raising prices were also conducted. It was found that there was a significant difference between Cell 1 and Cell 2 ($\text{Mean}_{\text{Cell 1}}=3,31$; $\text{Mean}_{\text{Cell 2}}=4,24$; $p<0,05$), meaning that within high market share condition, respondents believed that a Turkish brand would be more motivated to raise its price than a foreign brand because of rising costs in the industry. Post hoc tests on firms' motives for improving quality revealed that the only significant difference was between Cell 1 and Cell 3 ($\text{Mean}_{\text{Cell 1}}=3,33$; $\text{Mean}_{\text{Cell 3}}=4,32$; $p<0,05$). This result implies that within when the firm is foreign, respondents believed that a low market share brand would be more motivated to raise its price than a high market share brand because of improving its quality.

The responses for the statements about fairness perceptions on the above mentioned motives of the firms were also analyzed. As reported in Table 8, fairness perceptions on only two of the possible motives, "rising costs in the industry" ($\text{Mean}_{\text{Fairness of Rising Costs}}=4,39$) and "improving quality of the products" ($\text{Mean}_{\text{Fairness of Improve Quality}}=4,98$) were greater than the midpoint of the scale. Additionally, there were significant differences among groups for these two motives (Fairness of Rising Costs: $F_{3, 162}=2,76$; $p<0,05$; Fairness of Improving Quality: $F_{3, 162}=3,37$; $p<0,05$). "Profit"

motive were perceived to be unfair (Mean_{Profit} = 2,68), while there was no significant difference among groups ($F_{3, 162}=2,00$; $p>0,05$).

Table 7: Comparison of Motives for Raising Prices

Dependent Variables	Independent Variable (Scenario)	N	Mean	s.d.	F-value	p-value
By raising its prices, brand XYZ is trying to extract higher profits from its existing loyal customers.	<i>Foreign x High Market Share (Cell 1)</i>	42	5,26	1,64	0,40	0,754
	<i>Turkish x High Market Share (Cell 2)</i>	42	5,36	1,78		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	5,00	1,58		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	5,32	1,38		
Brand XYZ's decision to raise prices is motivated by rising costs in its industry.	<i>Foreign x High Market Share (Cell 1)</i>	42	3,31	1,33	3,07	0,030
	<i>Turkish x High Market Share (Cell 2)</i>	42	4,24	1,82		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	4,05	1,79		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	4,18	1,42		
Brand XYZ has decided to raise its prices because it intends to improve the quality of its products.	<i>Foreign x High Market Share (Cell 1)</i>	42	3,33	1,66	3,00	0,032
	<i>Turkish x High Market Share (Cell 2)</i>	42	3,57	1,35		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	4,32	1,95		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	4,09	1,70		

Post hoc tests on fairness of firms' motives for raising prices demonstrated that there were significant differences between Cell 1 and Cell 2 (Mean_{Cell 1} = 4,31; Mean_{Cell 2} = 5,26; $p< 0,05$), and Cell 1 and Cell 3 (Mean_{Cell 1} = 4,31; Mean_{Cell 3} = 5,26; $p< 0,05$) for fairness of quality improvement motive. Meanwhile, for the fairness of rising costs motive, only meaningful difference between Cell 1 and Cell 4 was barely insignificant (Mean_{Cell 1} = 4,76; Mean_{Cell 4} = 3,82; $p= 0,051$).

4. Discussion and Conclusion

This study attempted to explore the possible effects of perceived fairness of price increase and consumer ethnocentrism on consumers' purchase intentions. Based on the literature about the dual entitlement principle, attribution theory, and consumer ethnocentrism concept, it was initially expected to find significant effects of perceived

fairness of price increase and consumer ethnocentrism on consumers' purchase intentions especially when the price increase was made by a foreign firm or a by firm by a with high market share.

As reported in the earlier section, although perceived fairness and consumer ethnocentrism had significant effect on purchase intention when overall data was used, different results were obtained for different scenario conditions. Consumer ethnocentrism had a significant effect only in Foreign x High Market Share (Cell 1) condition. In other scenario conditions, perceived fairness had significant effect. Such finding suggests that perceived fairness may not have a conclusive effect in driving consumers' behaviors (Urbany, Madden, and Dickson, 1989). Same conclusion applies to consumer ethnocentrism as well, since it did not have a significant effect when the firm is Turkish or a low market share foreign firm. On the other hand, such lack of effect might be due to the low-cost, low-involvement nature of the product category.

Table 8: Comparison of Perceived Fairness of Motives for Raising Prices

Dependent Variables	Independent Variable (Scenario)	N	Mean	s.d.	F-value	p-value
If brand XYZ's decision to raise prices were truly motivated by an intention to extract higher profits from its existing loyal customers, how fair do you think such a motive is?	<i>Foreign x High Market Share (Cell 1)</i>	42	2,31	1,07	2,00	0,117
	<i>Turkish x High Market Share (Cell 2)</i>	42	2,47	1,55		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	2,84	2,11		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	3,09	1,72		
If brand XYZ's decision to raise prices were truly motivated by rising costs in its industry, how fair do you think such a motive is?	<i>Foreign x High Market Share (Cell 1)</i>	42	4,76	1,32	2,76	0,044
	<i>Turkish x High Market Share (Cell 2)</i>	42	4,33	1,71		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	4,68	1,92		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	3,82	1,77		
If brand XYZ's decision to raise prices were truly motivated by its intention to improve the quality of its products, how fair do you think such a motive is?	<i>Foreign x High Market Share (Cell 1)</i>	42	4,31	1,75	3,37	0,020
	<i>Turkish x High Market Share (Cell 2)</i>	42	5,26	1,38		
	<i>Foreign x Low Market Share (Cell 3)</i>	38	5,26	1,57		
	<i>Turkish x Low Market Share (Cell 4)</i>	44	5,09	1,67		

Perception of fairness on price increase did not differ among groups. For all scenario conditions, perceived fairness of price increase was negative. Price increases have been so common in Turkey in the last three decades. Any price increase, with no difference in whichever firm does it come from, is perceived unfair. In other words, firm's origin or market share did not influence consumers' fairness perceptions. Also, Novoseltsev and Warlop (2002) suggested that if not enough information is provided to consumers about price increases (i.e., motives), then the consumers might not be able to assess the fairness of this action. The scenario presented to subjects did not mention any further information other than that the price was going to be increased by 45 percent. That might have caused the indifference among groups.

Consumer ethnocentrism found to be different between high and low market share conditions. Subjects exposed to a scenario in which high market share firm raised its price had higher ethnocentric tendencies than the ones who were exposed to low market share condition. This difference creates an advantageous situation for a foreign firm with low market share. A foreign firm with low market share is less likely to be negatively influenced by the effects of consumer ethnocentrism. Consumers might have a feeling that the national economy is not threatened by a low market share foreign firm.

There was no difference found among groups on purchase intention. This may be due to the increased globalization of markets. Almost all national markets are flooded with foreign products. Especially young consumers have been highly familiar with brands like Coca-Cola, Pepsi, Schweppes, etc. as well as Turkish brands like Uludağ, Çamlıca, etc. Because of consumers' already established brand loyalties, high market share brands enjoy higher purchase intention than low market share brands no matter what their origins are. Here, brand image is likely to play a major role.

With no difference among groups, "profit" was evaluated as the major motive for raising prices. The other possible motives, "costs" and "quality" were evaluated to be less believable. Consumers' skepticism or mistrust to firms might be the reasons of such result. The scenarios that subjects were exposed to mentioned that the firm decided to increase its prices by 45 percent. Such an increase might be regarded as that it could not stem from increases in costs or improvement of quality. It is likely that consumers feel exploited by such an increase. On the other hand, there were differences among groups when "costs" and "quality" were analyzed. Subjects responded that a high share Turkish firm would be more inclined to raise its prices because of rising costs than a high share foreign firm. This difference seems logical Turkish firms may be more influenced by rising costs. On the other hand, especially global firms as Coca-Cola or Pepsi may be more likely to employ technology and to supply materials at a lower cost. Subjects also responded that a low share foreign firm is more likely to increase its prices because of "quality improvement" than a high share foreign firm. This result is also consistent with attribution theory since quality improvement is a strategic move that may enhance brand image and result in a market gain which is an ultimate objective for any firm.

Fairness perceptions about motives for raising prices revealed highly consistent results. Consistent with the DE principle, subjects responded negatively to "fairness of price increase due to extraction of higher profits" for all firms. Additionally, price increases due to "rising costs" or "quality improvement" were assessed to be fair. Price increase by a high share Turkish firm and a low share foreign firm to improve quality

was assessed to be fair against a high market share foreign firm. Again, quality improvement is a strategic action to beat competition, gain market share, and create higher brand image.

There are some managerial implications of this study as well. Since we are living in the information society now, most consumers are highly cognizant of firms' market shares and profits. In this respect, they be more competent in perceiving whether firms' strategic moves are fair or not. Especially for Turkish firms, it is vital to improve quality to better compete against strong foreign competitors. Promotional activities should highlight quality improvements when price changes are done in order to be perceived fair.

4.1 Limitations

Several issues should be highlighted about limitations of this research. Scenario-based approach which this research employed is obviously less realistic relative to real behavioral approach (Xia, Kukar-Kinney, and Monroe, 2010). Artificiality of scenario-based approach is likely to inhibit the generalizability of results. Second limitation of this study is the use of relatively small sample size (n=167). It could have been more possible to find more significant results with a larger sample size.

Another limitation is the use of a student sample. Despite being more homogeneous, findings obtained from student samples have the possibility of not being generalizable. Along with this, the use of student subjects may be a factor that inhibits the effects of the independent variables, such as consumer ethnocentrism.

The use of only one product category, soft drink category, exposes another limitation. Although, students usually tend to be highly familiar with this product category, the category itself, a convenience product, might be seen as unimportant (i.e., low involvement product) to elaborate about the effects of independent variables.

4.2 Directions for Future Research

Research analyzing the effects of perceived fairness is scarce in Turkey. This research intended to provide a theoretical contribution for especially Turkish marketing and consumer behavior literature. Since this study is exploratory in its nature, it is recommended to design new studies, both experimental and model testings.

This study adopted a scenario-based approach. Future research may employ real market settings which may enable measurement of post purchase behavior. Also, scenario-based and real market settings can be employed by using different product categories, especially high-involvement products. Last, but not least, the effect of perceived fairness on the perceptions of other marketing strategies and tactics can be researched. Since pricing tactics are being widely used in promotional activities of firms in Turkey nowadays, replication of similar studies on this issue is highly recommended.

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