

## THE CONCEPTUALISATION AND OPERATIONAL MEASUREMENT OF PRICE FAIRNESS PERCEPTION IN MASS SERVICE CONTEXT

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### ABSTRACT

*This paper aims to develop a measure of price fairness perception by extending price fairness conceptualisation to a multi-scale measure, thereby capturing its complexity in a mass service context. The service context is becoming increasingly competitive, particularly in the telecommunication industry, where a variety of service options is offered (e.g., mobile phone services). A review of price fairness perception literature usually focuses on the equity and social exchange theory and upon findings from exploratory research of the current market situation. In this article, the measure is conceptualised to entail a more extensive set of dimensions. These dimensions include the following: flexible price, reasonable price, acceptable price and superior price. Previous researchers have used actual price to focus on the structure and price comparison of competitors within the service industry. In contrast, this research has focused on the price comparison in terms of relative price. Additionally, we use a survey to elicit responses from 998 individual users of prepaid mobile phone services in Thailand. The results indicate a valid and reliable measure of price fairness perception, permitting us to understand how customers perceive that a price offered by service providers is fair. This understanding will help managers (and their respective organisations) to design an appropriate price strategy that fits what their customer's wants and needs while fostering a long-term relationship with them.*

**Keywords:** price, price strategies, price fairness perception, mass service, Thailand

### INTRODUCTION

In the service industry context, price perception has (via both direct or indirect satisfaction) increasingly come to influence customers' decision-making, thus influencing their behaviour towards the organisation in several ways (Bei & Chiao, 2001; 2006; Bolton & Lemon, 1999; Bolton, Lemon & Verhoef, 2004;

Bolton, Warlop & Alba, 2003; Campbell, 1999; Diller, 2008; Homburg, Hoyer, & Koschate, 2005; Munnukka, 2005; Ranaweera & Neely, 2003; Varki & Colgate, 2001). In the service marketing literature, customers' perception of price has been studied in terms of price perception (Bei & Chiao, 2001; 2006; Grewal, Monroe & Krishnan, 1998; Munnukka, 2005; Varki & Colgate, 2001), price fairness perception (Bolton et al., 2003; Campbell, 1999; Ranaweera & Neely, 2003), and price equity (Bolton & Lemon, 1999; Verhoef, Franses, & Hoekstra, 2001). Recently, several studies have indicated that perceived price fairness is one of the psychological factors that plays an important role in influencing consumers' decisions to purchase a certain product (Bolton et al., 2003; Bolton et al., 2004; Bolton & Lemon, 1999; Campbell, 1999; Homburg, et al., 2005; Xia, Monroe, & Cox, 2004). For example, Diller (2008) has noted the importance of price fairness perception in capturing the complex nature of price itself. However, previous research has not studied price fairness perception with respect to price structure, service option price plans, or price competition among service providers. Moreover, the operationalisation of price fairness perception has not been conducted in a mass service context (Bolton et al., 2004; Ranaweera & Neely, 2003; Xia et al., 2004; Varki & Colgate, 2001). Understanding customers' perceived price strategies in terms of price fairness perception helps service providers design appropriate pricing strategies that satisfy and retain current customers, while also leading to performance maximisation.

Price fairness perception has received less focus than other concepts when analysing the service context (Bolton et al., 2003; Ranaweera & Neely, 2003; Varki & Colgate, 2001; Völckner & Hofmann, 2007; Voss, Parasuraman, & Grewal, 1998). In addition, no research has successfully operationalised the concept of price fairness perception at the operational level in the service context (Diller, 2008; Ranaweera & Neely, 2003) or focused on price structure in the context of competitors' prices in terms of relative price rather than actual price. Nevertheless, factors critical to forming customer' perception of price fairness are important for academics and practitioners alike, if they are to develop service option price strategies that can sustain existing customers while maximising performance.

This paper aims to fill the gap in the service marketing literature, particularly in the mass service context exemplified in individual user perspectives within the pre-paid mobile phone service industry in Thailand. This study seeks to operationalise the concept of price fairness perception at an operational level in the service context (Diller, 2008; Ranaweera & Neely, 2003) by focusing on price structure in the context of industry competitors' prices and in terms of relative and not actual price.

## **LITERATURE REVIEW: PRICE FAIRNESS PERCEPTION**

Price is considered a marketing tool and is accepted as having the highest impact on consumer behaviour and having a direct effect on consumer behaviour itself (Bolton et al., 2004; Bolton & Lemon, 1999; Bolton et al., 2003; Campbell, 1999; Kotler, 2003; Munnukka, 2005; Santonen, 2007; Varki & Colgate, 2001). Recently, the issue of pricing has received considerable attention in the marketing strategies of practitioners and researchers alike (Homburg et al., 2005; Xia et al., 2004). In the service context, price plays an important role due to demand-based pricing (Kotler, 2003) and is often linked to service quality (e.g., in hotel and airline) (Voss et al., 1998). Consequently, an understanding of how customers react towards various prices in a mass service context helps companies to establish effective pricing strategies.

Price perception has long been studied in marketing and economic literature; it is generally agreed upon that a customer's perception of price can be evaluated in two ways: either it increases or it decreases customer satisfaction, which leads in turn to significant behaviours (Donald, Nancy & Richard, 1993; Grewal, Monroe & Krishnan, 1998; Kalapuraml, DiClison & Urbany, 1991; Kalwani & Yim, 1992; Maxwell, 2002; Munnukka, 2005; Ralston, 2003; Varki & Colgate, 2001). For instance, Homburg, Koschate and Hoyer (2005) studied the influence of price perception on customer satisfaction and its effects on consumer behaviour. They found that price affects a customer's willingness to pay more, if they were satisfied with certain products or services. Kalwani and Yim (1992) studied price and product promotion experimentally and discovered that to understand consumer purchase behaviour, promotion expectation and experience were just as important as price expectations. However Bolton et al. (2003) have also pointed out that research has focused primarily on the price of goods at an earlier time or during a previous transaction.

Recently, a study by Diller (2008) has illustrated the lack of conceptualisation of price fairness perception and its inability to capture the complexities of a specific context. In addition, having been unable to find of price fairness perception successfully operationalised in earlier research, Ranaweera and Neely (2003) developed their own measurement. Despite these two studies, no research has yet to operationalise the concept of price fairness perception at an operational level in the service context (Diller, 2008; Ranaweera & Neely, 2003) by focusing on price structure in the context of industry competitors' prices and in terms of relative and not actual price.

## **DEVELOPMENT OF CONCEPTUALISATION AND OPERATIONAL MEASUREMENT**

According to the study by Ranaweera and Neely (2003), price fairness perception has not been well-conceptualised. Therefore, the authors developed their own conceptualisation and operational measurement of price fairness perception. They had defined it as a reasonable actual price and measured it in only one item. However, the authors noted that developing and increasing the number of items to measure price fairness perception is really needed in service marketing literature (Ranaweera & Neely, 2003). Moreover, Bolton et al. (2003) pointed out that previous studies of price fairness included not only past prices but also competitor prices and vendor costs under dynamic environments. Consequently, Bolton et al. developed the price fairness concept by focusing on the cognitive determinants of price fairness consumer understanding of markets, the environment, and vendors' constraints about the reasonability of profit and firm costs. They found that if price differences arise from some marketing strategies and are judged as relatively unfair, customers are less likely to revisit the store. Bolton et al. also suggested that price fairness perception should be measured from a cumulative point of view. In addition, an empirical study by Xia et al. (2004) developed a price fairness definition based on equity theory and distributive justice. According to equity theory, people will create price fairness perceptions by comparing their input to their output ratio or outcome, in a comparison to the outcomes of others (Adams, 1965). The principle of distributive justice suggests that for people to maintain an exchange relationship with one another, it is necessary that they perceive, they are entitled to receive a reward that is proportional to what they have invested in the relationship (Homans, 1961; Thibaut & Kelley, 1959). Therefore, Xia et al. (2004) defined price fairness as a consumer's assessment, associated with an emotional view of whether the difference (or lack of difference) between a seller's price and a competitor's price is reasonable, acceptable, or justifiable. At the same time, Bolton et al. (2004) described price fairness perception as being based on a consumer's behaviour with their current service provider: what services they used, the duration of usage, degree of increased usage and cross buying. However, Roth, Woratschek and Pastowski (2006) have underscored the price mechanism in buyer-seller price negotiations and stated that no one fixed price is suitable for all customers in the service sector, who are, by nature, different (Diller, 2008).

Nowadays, when making their own purchase decisions for customised services, customers have come to accept a bargaining pricing strategy (Roth et al. 2006). However, previous research does not address the relevance of customisation nor has it focused on its impact on the pricing mechanism. Because service contexts deal with two-way interactions between users and service providers and because

price fairness inevitably deals with a user's perception of equitable prices, social exchange theory and equity theory are relevant (Adams 1965; Oliver & Swan, 1989a; Oliver & Swan, 1989b; Thibaut & Kelley, 1959). Both parties are trying to get maximum benefit by comparing input against output. The users and service providers will try to negotiate a balance between one another and only then can the long-term relationship be achieved. Moreover, in an increasingly competitive market (e.g., the mass service context) such as mobile phone service industry, the bargaining price is seen as a variety of prices linked to service plans based perhaps on price rate and period of usage. The service providers have dominated the design and sale of pricing plans, a variety of bundles, each with different calling times and rates. The optional pricing plan, however, has provided consumers with opportunities to choose the most appropriate plans to fit their expected usage. In addition, customers can choose between several payment times, which is typically are either 15 or 30 days. The customer is expected to view the price structure as a matter of fairness, and in such a manner that one could maintain their relationship with their service provider, as described in social exchange and equity theories. Thus, by extending the existing literature on price fairness perception, this study seeks to test the impact of price flexibility on fairness perception. We expect that when bargaining for the best prices, customers will be influenced by price fairness perceptions as the negotiation prices are linked to the flexibility of prices (or service plans) offered. The bargaining process should be based on customer usage, which itself refers to the variety of pricing plans available and the ease with which service plans can be changed (which relates to pricing plan).

Moreover, a study by Varki and Colgate (2001) has confirmed that a comparison price, rather than the price itself, has an effect on consumer behaviour and satisfaction. The authors suggested that comparison prices should be tested in other service industries other than the banking industry, which they had investigated. Price fairness requires internal references for comparison; customers can compare using either past prices or competitor's prices (Bolton et al., 2004; Bolton & Lemon, 1999; Varki & Colgate 2001; Xia et al., 2004). Similarly, the literature on price fairness perception might also be advanced using the concept of superiority. Before a customer engages in long-term relationships (as defined in social exchange and equity theories), superiority is seen to be a primary influence on a customers' perspective (Adams 1965; Thibaut & Kelley, 1959). Therefore, the current study conceptualised price fairness perception as a customer's emotional assessment, based on the following differences (or lack of differences) in price structure and in prices (or service plans) including between a current service provider and its competitors, in terms of flexibility, reasonableness, acceptability and superiority (Bolton et al., 2004; Bolton & Lemon, 1999; Roth et al., 2006; Varki and Colgate 2001; Xia et al., 2004).

Finally, we conceptualise the parameters of price fairness in the following terms: "flexible price", which refers to the flexibility of pricing or service plans which, in an effort to support customers' needs, vary according to price rate and period of use. In addition, the variety available and the ease with which one can change to a new product are also considered (Kim, Park & Jeong, 2004). "Reasonable price" refers to the reasonableness of the pricing plan, which is related to price rate and time (Ranaweera & Neely, 2003). "Acceptable price" refers to the best possible pricing plan that can meet customer needs with respect to price and to period of usage (Ranaweera & Neely, 2003). "Superior price" refers to the superiority of competing pricing plans, to the difference between a service provider and providers that offer the best choice (Lim, Widdows, & Park, 2006).

## **VALIDATION AND CONTENT VALIDITY OF THE INSTRUMENT**

A survey instrument consisting of five items was developed to empirically validate the conceptualisation and operational measurement of price fairness perception. The instrument was designed after an extensive review of the literature. Each item of the questionnaire was pre-tested for validity. The translation version for all items in the questionnaire was based on Brislin's (1970) translation and back-translation techniques. The original English version was translated into Thai by an English language expert. Finally, item content was discussed with two mobile phone service industry experts.

Pre-test surveys were conducted, while comments and suggestions about the instrument were solicited and received from various academicians, researchers, practitioners, and customers. The instrument was tested on a pre-test sample before being used on the actual target sample. All suggestions from the respondents were taken into consideration when revising and improving the questionnaire, in particular with regard to phrasing in the Thai language. Ultimately, the questionnaires were slightly edited and restructured. The pre-test was conducted with 10 respondents from Bangkok, the capital city of Thailand. The respondents were familiarised with the purpose of the study before completing the questionnaire. If respondents agreed to participate, they were requested not only to complete the questionnaire but also to provide feedback, comments and any recommendations regarding the questions. The respondents were also asked whether they understood the meaning of each of question in the questionnaire. All the information gathered during the pre-test phase was used to improve and fine-tune the survey. Finally, the Thai version was discussed and checked once again by business experts from the three biggest companies in the mobile phone service industry. The improved version of the questionnaire was then used for a pilot study.

After the pre-test phase and an effort enhance the understanding among target respondents a pilot study was conducted in Bangkok and included 30 respondents who met the criteria of the present study. The respondents were asked to complete the questionnaires. To ensure the clarity of each questionnaire item before further data was collected in Thailand, both versions of the improved questionnaires were used in the final stage of questionnaire development. Next, the important procedure of translating into Thai language and back into English was performed. Toward this end, help from a Thai language instructor at the Center of Languages and Translation, Universiti Sains Malaysia (USM) was sought. Researcher and translators from USM's Center of Languages and Translation conferred in order to correct errors that emerged when comparing the original to the translated versions. At this point, the final questionnaire was ready data collection in Thailand.

## MEASUREMENT

These measures intend to capture the customer's perception of price fairness, which focuses on a price structure that both satisfies customer needs and that compares favourably with its competitors. A summary of price fairness perception instruments adapted for this study are displayed in Table 1.

Table 1  
*Summary of adapted instruments of price fairness perception*

Original items	Modification
<b>Flexible</b> Variety of price schedule Possibility of freely choosing price schedule (Kim et al., 2004)	<b>Adapted</b> 1. X provides a variety of pricing plans. 2. X makes it easy to change service plans.
<b>Reasonable</b> The price charges by my phone company are reasonable (Ranaweera & Neely, 2003).	<b>Adapted</b> 3. The price charge by X is reasonable.
<b>Acceptable</b> Offers the best possible plan that meets my need. (Lim et al., 2006) My phone company understands my needs best (Ranaweera & Neely, 2003).	<b>Adapted</b> 4. X offers the best possible pricing plan that meets my need.
<b>Superiority</b> Overall, XYZ provides superior pricing options compared to other service providers (Lim et al., 2006)	<b>Adapted</b> 5. Overall, X provides superior pricing options compared to other service providers.

Table 1 illustrates how the measurement of price fairness perception was adapted from Kim et al. (2004), Lim et al. (2006), and Ranaweera and Neely (2003). Questions 1 and 2 were adapted from Kim et al. (2004). Question 4 was adapted

from Ranaweera and Neely (2003). Questions 3 and 5 were adapted from Lim et al. (2006) but slightly modified to suit the nature of this study. A 5-point Likert scale ranging from (1) "Strongly disagree" to (5) "Strongly agree" was used. The reliability coefficients (alpha) from past research ranged from 0.77–0.92 (Kim et al., 2004; Lim et al., 2006; Ranaweera & Neely, 2003).

## **METHODOLOGY**

It is in the nature of mass services, such as the pre-paid mobile phone service industry, to frequently have service providers design and offer various pricing plans associated with particular service plans that support customers' bargaining power. The population chosen for this study was restricted to individual users who had full control over their decisions to continue or discontinue using their mobile phone service providers. Indeed, it is important to the industry to test the conceptualisation and operational measurement developed here with this group of respondents. Survey research using structured questionnaires was employed to assess the perceptions of individual users in the prepaid market of Thailand's mobile phone service industry. In light of time and budget constraints, multi stage area sampling was applied. Simple random sampling of each region provided two representative provinces. Next, a simple random sampling was again used to choose from amongst the various shopping malls in each province. Next, University assistants, using convenience sampling, approached respondents patronising the shopping malls in the sampling area. The respondents chosen had to have full decision-making power to continue or to discontinue their usage, and they had to be over 15 years old. The study was explained to them, and they agreed to participate in it. Finally, in order to avoid any bias from the researchers, respondents filled out self-administered questionnaire.

## **ANALYSIS OF DATA**

Statistical Package for Social Science (SPSS) version 15.0 for Windows was used for data analysis and hypotheses testing. Descriptive statistics, factor analysis, reliability analysis and correlation analysis were used to analyse the variables studied in this research.

## **RESULTS**

Out of 998 total respondents, more than half of them were females (62.6%). This result reflects behaviours in the purchasing of prepaid mobile phone services, which had not been reported in Thailand before. Around 53% of the respondents

had a bachelor degree, and 38% of respondents were aged between 26–35 years old. With regard to occupation, around 36% of the respondents were government employees or state officials. In terms of personal income, 35.6% of the respondents had a monthly income between Baht 5,000–9,999 (35.6%) (Table 2).

Table 2  
*Demographic profile of respondents*

Demographic variables	Categories	Frequencies	Percentage
Total number of respondents		998	
Age	15–20 years	160	16.0
	21–25 years	271	27.2
	26–35 years	377	37.8
	36–45 years	144	14.4
	46–55 years	20	4.0
	Over 55 years	6	0.6
Gender	Male	373	37.4
	Female	625	62.6
Education	Secondary school or lower	26	2.6
	High school or diploma	184	18.4
	Advance diploma or certificate	168	16.8
	Bachelor	532	53.2
	Master or higher	90	9.0
Occupation	Student/undergraduate	252	25.2
	Employee/private company employee	258	25.9
	Government employee/official/state enterprise employee	362	36.3
	Business owners	126	12.6
Income	Less than Baht 5,000	150	15.0
	Baht 5,000–9,999	356	35.6
	Baht 10,000–14,999	190	19.0
	Baht 15,000–19,999	116	11.8
	Baht 20,000–24,999	60	6.0
	Baht 25,000–29,999	30	3.0
	Over Baht 30,000	96	9.6

Price fairness perception of respondents was measured with respect to their current network operators. Our interest was focused on price structure in comparison with competitors and in terms of flexibility, reasonableness, acceptability and superiority. Exploratory factor analysis was performed in order to assess the validity of the instrument, and it can be observed in Table 3.

Table 3  
*Results of factor analysis and reliability of price fairness perception*

Items	Factor loading
<b>Factor 1: Price fairness perception</b>	
X offers the best possible price plan that meets my needs.	<b>.81</b>
X makes it easy to change service plans.	<b>.76</b>
X provides a variety of pricing plans.	<b>.75</b>
The price charged by X is reasonable.	<b>.73</b>
Overall, X provides superior pricing options compared to other service providers.	<b>.72</b>
Eigenvalues	2.83
Total percentage variance explained	56.63
KMO	.79
Bartlett's test sphericity	2518.655**
Cronbach's alpha	.81

Note: N = 998. Bold loadings indicate the inclusion of that item in the factor

\* p < .05; \*\* p < .01

The factor related to price fairness perception consisted of the original 5 items. The results from the factor analysis, as expected, yielded only one factor with a strong explanation of operational measurement of price fairness perception. No items were eliminated. First, the KMO measure of sampling adequacy was far greater than 0.6 (.79), indicating that the items were highly interrelated and that they shared common factors. The Bartlett's Test Sphericity was found to be significant (Chi-square = 2518.655,  $p < .01$ ), which indicated the significance of the correlation matrix and thus the appropriateness of conducting a factor analysis. Anti-image correlations and communality values for all items were greater than .50. Thus, it can be claimed that the results of running factor analysis had fulfilled all assumptions recommended by Hair, Black, Babin, Anderson and Tatham (2006). All items had significant loadings that exceeded 0.5, and ranged between 0.72–0.81. The factor accounted for 56.63% of the total variance, with Eigenvalues of 2.83, and a reliability coefficient of 0.81. In light of Nunnally's (1978) recommendations that values above 0.7 are acceptable, our (0.81) points to the good reliability of our factor.

Finally, we assessed the factor for its discriminant validity. Discriminant validity refers to the extent to which measures of two different constructs are relatively distinctive; their correlation values were neither an absolute value of 0 or 1 (Campbell & Fiske, 1959). To do this, a correlation analysis was done on the price fairness factor, along with three other factors that were theoretically related to price fairness (i.e., staying intention, word of mouth and satisfaction). The result is presented in Table 4. As can be seen, all 4 of the factors were not perfectly correlated, with correlation coefficients that ranged between 0 or 1. Hence, we can conclude that discriminant validity has been established. Table 4

can also be used to assess the nomological validity. Nomological validity is another form of construct validity and is the degree to which a construct behaves as it should within a system of related constructs called a nomological set (Cronbach & Meehl, 1955). Cronbach and Meehl (1955) posited that in order to provide evidence that a measure has construct validity, a nomological network also had to be developed for that measure. In essence, what this means is that we have to develop a nomological link between the variable we would like to validate and another variable, which has been theoretically proven to be related to this particular variable. As mentioned earlier, staying intention, word of mouth and satisfaction are theoretically related to price fairness. As shown in Table 4, all three of the variables are positively related to price fairness, which corroborates their predictive validity.

Table 4  
*Results of correlation analysis*

Variable	Staying intention	Word of mouth	Satisfaction
Price fairness	0.329**	0.294**	0.479**

## DISCUSSION

The findings indicate the customers' perceptions of price fairness in the prepaid mobile phone service industry were at a high level (mean = 3.48, SD = 0.68, on a 5 point-Likert scale). This reflects the customers' acceptance of the price strategy offered by their service provider, and they believe that it compares favourably to the prices offered by other service providers. According to the conceptualisation of price fairness perception in terms of price plan used in the current study, we examine the customers' assessment of the differences (or lack of differences) between the current price offered by their service provider and the price of a comparable product from other service providers. The present research reveals that the Cronbach alpha coefficient was 0.81, and it refers to how well our measurement indeed measures price fairness in the service context.

In operationalising price fairness perception, this study has shown it to be linked to a variety of pricing plans. Higher customer satisfaction levels are related to the ease of changing service plans, to offering the best possible pricing plan to meet customers' needs, to price options that are reasonable and superior those of the competitors', and to plans associated with flexibility, reasonableness, general acceptability, and superiority (Bolton et al., 2004; Bolton & Lemon, 1999; Roth et al., 2006; Varki & Colgate 2001; Xia et al., 2004). Moreover, flexible prices support the negotiated price. This has become an increasingly important strategy where, in order to increase the likelihood that the customers will maintain a long-

term relationship with their provider, the customers can bargain with their service providers over price.

Lastly, the results from this study extend our knowledge of social exchange theory. Specifically, it has been shown that from the perspective of equity theory that in order to maintain a long-term relationship, there must be a perceived equity. Typically, this is seen in terms of price fairness perception. According to equity theory, customers consider perceived equity by comparing benefits and costs of using their service providers, then comparing them to alternatives provided by other service providers. From a customer's perspective, flexibility, reasonability, acceptability, and superiority, as well as the price structure and pricing plans of a service provider and its competitors, are compared. In sum, this evidence brings social exchange and equity theories to the marketing literature. Whenever customers receive a better deal than the one offered by alternative suppliers, according to equity theory, it is more likely that the business relationship will be maintained for a longer period.

## **MANAGERIAL IMPLICATION**

This study suggests that price strategy is one of the most important criteria for ensuring that customers will maintain a long-term relationship with their service providers. In meeting customer's needs in the prepaid mobile phone service market, network providers also need to increase their focus on price structure and to make sure that it compares well with those from other service providers in terms of flexibility, reasonableness, acceptability, and superiority. If, according to a customer's perception, the price structure is fair, they will maintain the relationship as long as possible. Thus, network providers need to develop a variety of price plans, with calling times and rates that meet customer needs, at prices that are both reasonable and superior to those offered by other network operators.

## **LIMITATIONS AND FUTURE RESEARCH**

This research is the first to extend and develop the concept of price fairness perception and to operationalise this perception by focusing on price structure and pricing (or service) plans with respect to flexible, reasonable, acceptable, and superior prices. However, our measurement still might not capture all possible facets of the concept. In addition, the customer's perception of this measurement is based on self-administered questionnaires to individual users of prepaid mobile phone services. Their perceptions cannot be verified, as they are both subjective and different from one to the other. In addition, our findings may be different

from the perceptions associated with the post-paid mobile phone service market. Moreover, the results should not be generalised to other service industries (e.g., the health care industry, financial services industry, retailing, retail banking, insurance industry, among others). Therefore, other, more relevant questions will be necessary in these contexts. In general, the operationalisation and testing of such concepts in service industries that offer negotiable prices for customers (e.g., mobile phone services in the post-paid market and health care services) will be needed.

## **CONCLUSION**

This study has shown the importance of using the price fairness perceptions of individual users of pre-paid mobile phone services to assess price strategies provided by service organisation. We noted how price fairness perception was based on equity and social exchange theories, on several other previous exploratory researches, and on the current service market context. To our knowledge, little attention has been devoted to the development, conceptualisation, and operationalisation of price fairness perception in a mass service context (Bolton et al., 2003; Diller, 2008; Ranaweera & Neely, 2003; Varki & Colgate, 2001; Voss et al., 1998; Völckner & Hofmann, 2007). By adapting and validating the concepts of price fairness derived from Bolton et al. (2004), Bolton and Lemon (1999), Roth et al. (2006), Varki and Colgate (2001), and Xia et al. (2004), our study endeavours to fill this gap in the research. In this study, price fairness perception refers to the following: a variety of pricing plans, the ease with which customers can change their service plans, offers of the best possible pricing plans to meet customers' needs, and price options that are reasonable and superior when compared to others. The exploratory factor analysis in this study reports a price fairness perception instrument with a strong reliability coefficient. This demonstrates how well the concept can be both conceptualised and operationalised for a mass service context. These findings strongly show that a customer's perception that a fair price was offered by their service providing organisation could help managers design appropriate price strategies that not only fit their customers' needs but also ultimately secure their long-term relationship with the organisation.

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