ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

PRECEDENTS AND CONSEQUENCES OF PRICE UNFAIRNESS PERCEPTIONS: An Exploratory Study in the Brazilian Context

Verônica Feder Mayer
D. Sc. pelo Instituto COPPEAD de Administração da Universidade Federal do Rio de Janeiro, Professora Adjunta na Universidade Federal Fluminense.
E-mail: veronicamayer@id.uff.br

Marcos Gonçalves Avila (*Corresponding Author*)
Ph.D. pela Stern School of Business, New York University, Professor Associado no Instituto COPPEAD de Administração da Universidade Federal do Rio de Janeiro,
E-mail: marcos@coppead.com.br

ABSTRACT

This paper explores perceptions of fairness in price increases through a two-phase exploratory study: a qualitative survey and a quantitative survey. The evidence obtained in these two surveys is closely aligned with the conclusions of major international studies on price fairness perceptions, although disclosing new variables with potential for implementing future studies.

1. INTRODUCTION

Price studies are extremely important for marketing managers and scholars specializing in this field. Prices define the basic conditions at which the seller and buyer are willing to enter into a specific exchange, affecting corporate profit margins through impacts on revenues and sales volumes through influencing demands (MONROE & CHENG, 2013). Consequently, price has an interactive effect on other elements in the marketing mix.

This paper explores the perceptions and reactions of Brazilian consumers within a context of rising prices. The main purpose is to assess whether some conclusions reached by international empiric studies on precedents and consequences of perceptions of fairness are reproduced in the Brazilian context, in addition to seeking insights for new surveys of this topic. This project was conducted in two phases: a) qualitative survey; b) quantitative survey.

2. THEORETICAL FRAMEWORK

Price information is frequently the driving force behind the formation of perceptions of the value and quality level of a product or service. Monroe (2005) suggests seven main lines of basic research related to price behavior: a) perceived price x quality value ratio; b) price thresholds or acceptable price ranges; c) price checks (by consumers); d) internal and external reference prices (knowledge of prices); e) perceived quality cues and nominal price cues; f) contextual effects; g) price fairness.

2.1 Theory of Fairness and Price Fairness Perceptions

The Theory of Fairness appeared in studies on social transactions, focused mainly on investigating social conflicts (SANTOS, 2001). Current literature indicates that fairness may be assessed through three dimensions: distributive, procedural and interpersonal (CLEMMER, 1993, SANTOS & FERNANDES, 2008). These three dimensions and their main elements are presented in detail in Chart 1.

Chart 1 – Dimensions of Fairness

Dimensions of Fairness	Definition	Composition	References
Distributive Fairness	How gains and results are shared between the participants in a social exchange: “fair results.” Involved the social rule or standard applied in order to reach the results.	Rules: Equity (comparison of the contribution results ratio of each party involved); need; equality.	Adams (1965). Deutsch (1985). Tax (1993). Oliver (1997). Santos and Rossi (2002)
Procedural Fairness	Fair and peaceful methods of managing, moderating or settling disputes: "fair process.”	Standards: Consistency (type de person and time); partiality; accuracy; representativity; ethics;	Thibault and Walker (1975). Clemmer (1988). Tax (1993). Oliver (1997).

 ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

		flexibility; waiting time; waiting process; errors; efficiency; help / harm.	Santos and Fernandes (2008)
Interpersonal Fairness	Quality of treatment received by individual persons during the process.	Elements: Honesty; courtesy; explanation; empathy; apologizing.	Thibault and Walker (1975). Tax (1993). Oliver (1997). Santos and Fernandes (2008)

Source: Prepared by the authors

There is evidence that the three dimensions of fairness – distributive, procedural and interpersonal – are related (SANTOS, 2001). This means that a perception of the fairness of the specific outcome may be adversely affected when the procedures adopted and / or treatment offered to the parties involved are rated as unfair. Oliver (1997) proposes that there is a strong and significant search for fair exchanges in consumption situations. Consumers will generally assess the overall fairness of a specific situation, taking into account the ratio between their inputs (i.e. price paid; time spent) and the contributions from the supplier, vendor or seller (i.e., benefits offered; treatment provided).

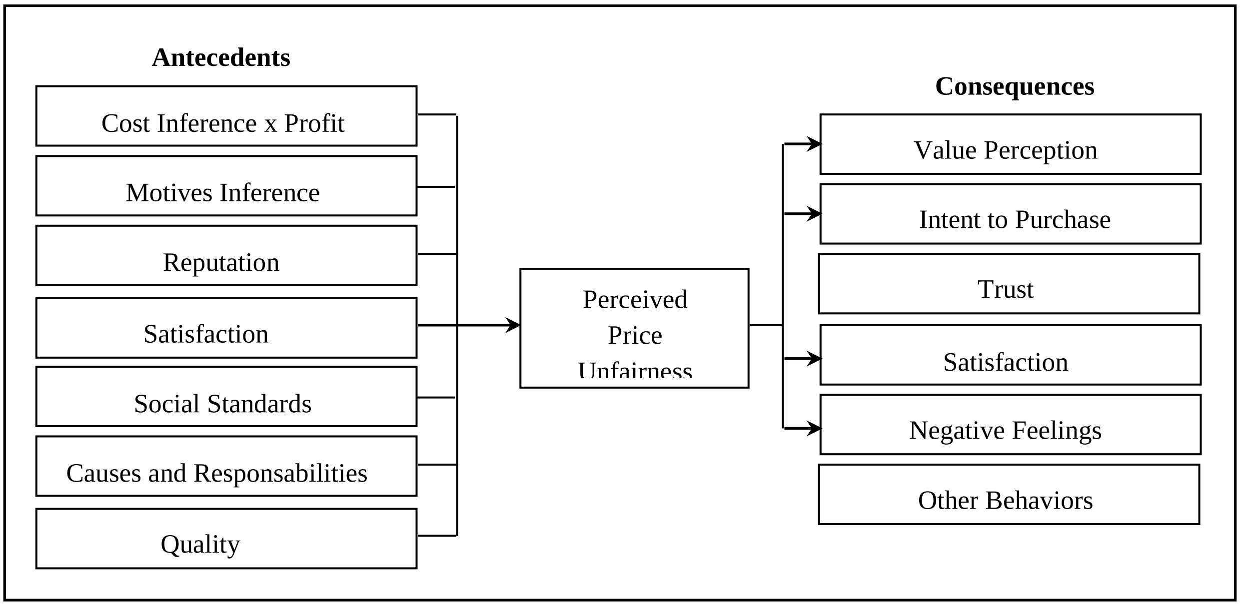
The consumer quest for fairness on the market is generally guided by perceptions of unfairness in some aspect of the purchase or consumption. Various dimensions of the consumer relationship may lead to perceptions of unfairness, such as the services rendered to them, for example. However, it is more common for complaints about unfairness to focus on prices that are unfair, extortionate or even illegal (OLIVER, 1997).

Judging the fairness of a price tends to be comparative, triggered in situations when consumers can compare the current price with other price levels: past prices, competitor prices and prices paid by other consumers (XIA, MONROE & COX, 2004).

Research indicates that consumers may not like price increases, but not all price increases are rated as unfair. Even when disliking a price increase, consumers may consider it to be acceptable or justifiable (MAXWELL, 1995). When assessing price fairness, two elements are rated as important: judging the price *per se*, and judging the process used to define this price (XIA, MONROE & COX, 2004). In order to judge the price *per se*, consumers will compare it to other prices (THALER, 1985; KAHNEMAN, KNETSCH & THALER, 1986; MONROE & CHENG, 2013). In order to judge the price-setting process, consumers will consider the intentions, motives and causes either inferred and / or stated for the price, in addition to the extent that the pricing methods used comply with established social standards (CAMPBELL 1999, 2007; VAIDYANATHAN & AGRARWAL, 2003; MAXWELL, 1999).

Earlier studies indicate that there are precedents and consequences related to price unfairness perceptions. Figure 1 summarizes the findings in the literature set forth in detail below.

Figure 1 – Precedents and Consequences of Price Unfairness Perceptions



Source: Prepared by the authors

2.2 Precedents for Price Unfairness Perceptions

Cost X Profits Inference: Kahneman, Knetsch and Thaler (1986) proposed what they called the Dual Entitlement Principle: consumers and companies have rights established through what are known as benchmark transactions. A benchmark transaction consists of a reference price and a reference profit that is positive for the company. A company is not authorized to breach the Dual Entitlement Principle in order to boost its profits arbitrarily; however, when its reference profits are threatened (by cost increases, for example) a price increase must be rated as fair or acceptable. In brief, the survey shows that a price increase will be viewed as unfair or unacceptable when not justified by corresponding cost increases.

Motive Inference: Perceptions of unfair price increases are influenced by responsibilities regarding the reasons why the company is increasing its prices (CAMPBELL, 1999). When consumers feel that a company has a negative reason (for example, price gouging when a product is in short supply in order to boost profits), a price increase will be rated as unfair.

Inference of Causes and Responsibilities - Perceptions of unfair price increases are influenced by the responsibility for the internal or external causes for an increase and control over the related decision (which can be controlled by the company or may be due to uncontrollable factors). Price increases justified by external causes beyond corporate control (triggered by rising international oil prices, for example) are viewed as fairer and more acceptable (VAYDYANATHAN & AGRARWAL, 2003). Not all costs are viewed as valid justifications for higher prices (such as spending more on advertising) (BOLTON et al., 2003).

Social Standards: Breaching socially acceptable standards necessarily leads to perceptions of unfair prices within the social context needed to influence such perceptions (MAXWELL, 1995 and 1999; GABARINO & MAXWELL, 2005; FERGUSON, ELLEN & PISCOPO, 2011; MAXWELL et al, 2013). Social standards related to prices may vary by the context and community studied. The pricing standards used most frequently are generally ranked as the fairest (DICKSON & KALAPURAKAL 1994).

Reputation - Responsibilities for price increases are influenced by corporate reputations. Companies with good reputations receive the benefit of doubt from consumers (CAMPBELL, 1999, 2007).

Quality - Higher prices must be viewed as fairer when there are corresponding improvements in quality (BOLTON et al, 2003).

Satisfaction - Responsibilities for price increases are influenced by service satisfaction levels. Price increases tend to be viewed as more acceptable by satisfied consumers rather than their discontented counterparts (HOMBURG et al, 2005).

2.3 Consequences of Price Unfairness Perceptions

Satisfaction - Consumer satisfaction is correlated to perceptions of fairness, dropping when prices are perceived as unfair (OLIVER & SWAN, 1989).

Perceptions of Value - Perceptions of unfairness undermine the perceptions of value of a product or service, stepping up the sacrifice perceived through the price paid (MARTINS, 1995; XIA & MONROE, 2010).

Intent to buy - Perceptions of unfair price increases affect behavioral intentions, such as the intent to buy and future repeat purchases (MAXWELL, 2002; CAMPBELL 1999; XIA & MONROE, 2010; GABARINO & MAXWELL, 2005). Companies may lose part of their consumer base due to perceptions of unfairness (PIRON & FERNANDEZ, 1995).

Other Behaviors – Perceptions of price unfairness may result in negative word-of-mouth publicity, with complaints filed against the company in order to punish the seller (CAMPBELL, 1999; GABARINO & MAXWELL, 2005; XIA & MONROE, 2010).

Trust – The survey conducted by Gabarino and Maxwell (2005) indicates that consumer trust in a company is undermined when prices are perceived as unfair.

Negative feelings - Negative feelings are related to perceptions of price unfairness (XIA, MONROE & COX, 2004; MAYER & AVILA, 2004; XIA & MONROE; 2010; NAMKUNG & JANG SOO, 2010).

3. SURVEY #1

For the initial survey, the qualitative method using focus groups was selected. Morgan (1993) states that focus groups are widely disseminated as a data collection method in fields such as consumer behavior, sociology, communication, education, political science and public health. This method has already been tested in many different contexts and cultures for a wide variety of topics and areas, proving efficient and adaptable to a broad range of settings and situations.

Thirty students in an MBA course in Rio de Janeiro took part in the survey as volunteers. Most of these participants were male, in an age bracket ranging from 20 to 30 years old, living mainly in middle and upper middle class neighborhoods in the City of Rio de Janeiro. Four focus groups were held, with at least six and no more than ten members in each group. The discussions were recorded after authorization from the participants, with each group lasting around an hour.

3.1 Focus Group Moderation

The participants were presented with the following hypothetical price increase scenario:

> "*The "X" service company increased the price of its services by 20%. The company stated that the reasons for the increased prices of its services were higher supplier or vendor costs and a new round of wage bargaining with its employees."*

This scenario was conceptualized in order to prompt participants to explain their judgment criteria and perceptions. No structured questions were used, offering participants greater freedom to express their feelings, ideas and perceptions on this topic. A researcher with fifteen years experience moderated all four groups, attempting to maintain a certain level of control over the topics discussed and keeping the attention of the group focused on issues related to the survey, engaging all participants equally in the discussions and ensuring that the resulting flows of exchanges were not steered or curbed.

3.2 Findings

The respondents were concerned about establishing criteria for judging the fairness of the increase, such as probable cost increases, economic contexts, previous prices, inflation and competitor prices. A 20% increase had a major impact on the groups, which found this very high, as the inflation and interest rates were used as references for this judgment. To some extent, this concern reflects an attempt to establish judgment criteria related to the cost increases borne by the company. This means that the participants were concerned about inferring the costs and reasons prompting the company to increase its prices and whether this might cloak an increase in profits. The inclusion of these criteria in the price fairness judgment process was anticipated by Kahneman, Knetsch and Thaler (1986), Campbell (1999) and Vaidyanathan and Agrarwal (2003). As foreseen by Bolton et al. (2003), the respondents felt that the increase would be fair if accompanied by better services. The news of the increase triggered expectations of tangible upgrades in service quality.

During these discussions, the respondents indicated that the fairness of the increase would also be judged by corporate efficiency levels. Many participants stated that they did not feel it was fair for consumers to be forced to pay for increases deriving from poor management. For services with quality problems, price increases were rated as particularly unfair, as they are seen as wasting consumer money. These findings are aligned with the surveys conducted by Vaidyanathan and Agrarwal (2003), as well as Bolton et al. (2003). Another important issue explored by the focus groups was the reputation of the service companies. As shown by Campbell (1999), the respondents stated that they would mistrust the reasons and justifications given for price increases if the sector and / or company had poor reputations.

As indicated by the literature (MAXWELL, 1995 and 1999; GABARINO & MAXWELL, 2005) social and cultural issues clearly intervened in fairness judgments. These issues included Brazil's economic context, which has not so long ago emerged from a period of hyperinflation, with this mistrust focused on governmental and corporate practices, underpinned by Brazilian culture, which views profits askance. Furthermore, negative feelings were noted about fairness, including anger, indignation and disappointment.

In situations where price increases were seen as unfair, participants expressed their wishes to get away from this situation, by either switching service providers, reducing their usage levels or substituting with something similar. Moreover, as shown by earlier surveys, the subjects stated their intentions of complaining, thus spurring negative word-of-mouth publicity (CAMPBELL, 1999; XIA & MONROE, 2010; GABARINO & MAXWELL, 2005.

The analysis of the collected data also disclosed additional elements that have barely been investigated by the literature, related to judging the fairness of price increases:

- **Personal budgets** – the respondents compared the percentage of the increase with wage hikes, indicating the appearance of another element in fairness judgment: corresponding increases in wages. This indicates widespread concern with the impacts of the increase on household budgets.
- **Cost absorption** - The group thought it was unfair that end-consumers should be the only segment to bear cost increases. Consequently, the company should not just protect its earnings by maintaining its bottom-line profits, but should in fact trim them in order to avoid consumers being the only affected segment. On this issue, there is an contradiction in relation to the survey conducted by Kahneman, Knetsch, and Thaler (1986).
- **Dependence** - The respondents were concerned with exploring other options available on the market. Many of them reported that the fairness of the increase might well depend on the difficulties encountered by individuals in cutting back on their outlays or substituting the services.

ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

- **Importance of the Services** – For services rated as primary needs, the feeling of unfairness seemed to be even stronger.
- **Loyalty** - The participants also reported an appreciable drop in consumer loyalty levels and feelings of commitment to a service provider engaging in unfair price increases.
- **Customer Service Quality** - The participants reported that they tend to be less tolerant about minor faults and more demanding about services after price increases that they see as being unfair.
- **Retaliations against the Company** – Some participants reported that they wanted to retaliate against companies imposing price increases rated as unfair, through actions such as boycotts and lawsuits.

Table 1 – Focus Group Data Coded by Precedents and Consequences of Price Fairness Perceptions mentioned in earlier literature

Precedents for Price Unfairness Perceptions	
• Inference of Cost X Profits	"It is fair to transfer part of the supplier or vendor cost increases. If this is transferred proportionally, I think it is fair." "I get cross when I see no reason for the company to increase [the price], when I feel they are pumping up their profit margins abusively." "If it is because of costs, a situation when they have to rise, the increase is fair." "To what extent can the company use arguments just to boost its profit margins?" "If a company justifies a price increase by higher costs, but also has higher profits, I feel swindled." "For judging fairness, for example, if the costs to the company rise by 10% and it is transferring 5% to me, that makes sense – it cuts its own profit margin a little, and splits it with me." "The feeling of fairness would be greater if the company were to absorb some part of the increase. It should split it with you, otherwise it is just transferring the whole thing and keeping its profit margins intact, so the only victim would be you, the end-consumer." "It's fine if it transfers [the cost increase] to me, but then to whom can I transfer this?"
• Inference of Reasons, Causes and Responsibilities	"What is the reason: inflation, wages, costs?' "Catching up with past inflation? Foreign exchange adjustments? What is the context where the increase is taking place?" "If it has a justification for the price increase – for example, if it is a business linked to oil and there is a war in Iraq... you know that there is no way of tinkering with the price." "If the entire sector is suffering from something beyond its control (such as international oil prices), the feeling of unfairness is minimized." "I get a very strong feeling of unfairness when the operations side there [in the company] is poor, and they are transferring on this inefficiency to you." "If I have information that the company is increasing [its prices] but the competition is not, I see this increase as unfair. The idea of unfairness is even greater if the company steps up its prices by itself, or if it is inefficient or unfair. Its image will be tarnished."
• Social Standards	"In Brazil, prices just rise. Even when things improve, prices never drop!." "In Brazil, we find it very hard to judge this type of thing. There is very little corporate transparency for investors or consumers". "Our [Brazilian] culture of inflation is very traumatic." "In Brazil, there is a very negative culture about profits. Society does not see profits as something good." "Agreements with the government, increases based on these agreements are fair – although they might not be fair for the consumer … but they are underpinned by government agreements. The problem is that when the government is involved... the feeling of fairness.. it seems as though you are being cheated. It is hard for you to believe that the increase is really necessary."
• Reputation	"Medical aid schemes already have a negative image. They have already done this type of thing three, four, five times. Even if the situation were to be fair, their track records would contaminate any judgment of fairness." "Who do I mistrust the most? Banks." "Companies that always take advantage of feedstock increases to boost their profit

	margins are urban transportation enterprises.” “If an across-the-board increase appears in supermarkets, I would find this unfair, as this is a sector that traditionally cuts supplier prices to the bone.” “Credit cards impose unfair interest charges that are not aligned with our [Brazilian] inflation rates.” “There is plenty of inefficiency in these [telephone] companies. I tend to believe more that the justifications they give for price increases are inefficiencies specific to the company and the sector.”
• Quality	“Counterpart for the increase? Is anything extra being offered through this service, or is it just a straightforward increase? Whenever I see an increase, I always think about the counterpart.” “If this is something I see every day and I get the bill with a 20% increase, I stop and ask myself what justified that increase. Is the company trying to offer me something extra?” “My gym fees have just gone up 40%. But they renovated, they bought new equipment, they rebuilt the front and it is now a bit bigger. Due to the upgrades that I saw, I accepted the higher price.” “Did the gym put in a new mirror or some new item of equipment? If they install something new, this helps lessen your feelings of unfairness.” “Does the service quality tell me that they are giving these people a wage increase?”
• Satisfaction	“It is upsetting when you are dissatisfied with the service; am I already paying too much for this terrible service that they are offering me, and the price is going to go up?”
Consequences of Price Unfairness Perceptions	
• Intent to Buy	“When there is plenty of competition, if I feel that I am being treated very unfairly, I would certainly complain and leave. I would not hesitate to leave if another company had the same service. It is a very severe matter when a company adopts an unfair price practice.” “If I can, I stop using the service.” “I can look for a substitute or I can cut back on use.” “I switch service providers or I stay on the look-out for any chance to change.” “I stopped taking out insurance, due to the [unfair] fees that they were charging, I run the risk.” “As a consumer, you will decide whether to continue consuming that service or not. If there are companies offering such services at lower prices that do not increase them, you will tend to choose the latter.” “Switching and complaining are our weapons. If you fail to act, if you do not switch, if you do not complain, the service provider will always think that you are not sensitive to price.”
• Other Behaviors	“I would spread the news of the unfairness in my e-group and I would try to retaliate against the company, gumming up its plans.” “I am far more critical about the service. I create more problems.” “I will become their customer service nightmare.” “When the increase is unfair, the customer becomes more upset and more demanding. Details become very important.” “We are less tolerant and more demanding about service quality. Everything must be just right. When a problem occurs, the customer will blow up faster. He will have to fight.”

4. SURVEY #2

As part of a broader study of price unfairness, the quantitative survey explored the respondents’ reactions to a situation of increased private school fees.

The participants were presented with the research scenario and then completed a self-reporting questionnaire with scales for checking the independent variables and measuring the dependant variables. The participants volunteering for this study were 260 undergraduate (30%) and graduate (70%) university students, mainly A and B Class, studying Business Administration, Finance and Marketing at a private university in Rio de Janeiro. The sample resulting from the 260 returned questionnaires consisted of 248 valid questionnaires (complete and

 ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

with no erasures), with most (82%) of the respondents between 20 and 40 years old, split evenly between men and women.

4.1 Study Design
The independent variables in Survey 2 are *Increase in profits* and *Negative Reason* (KAHNEMAN, KNETSCH & TAHALER, 1986; CAMPBELL, 1999, 2007). The scenario constructed for this survey was based on the standards used in previous research projects (KAHNEMAN, KNETSCH & THALER, 1986; CAMPBELL, 1999; HOMBURG et al, 2005; KUKAR-KINNEY, XIA & MONROE, 2004):

> *"At the start of the academic year, your friend was advised that his child's school was being bought up by a competitive group and there would be a 20% increase in the monthly fees. This increase exceeds the inflation rate for the period, and far outstrips increases in previous years."*
> *"Immediately after the increase was announced, your friend heard from someone who knows the school principal that the new management is forecasting a significant upsurge in profits underpinned by the new monthly fees."*

The dependent variables are: a *Perception of Unfairness* and *Intent to Buy*. The perceptions of unfairness were measured through a nine-point Likert scale (1 = not at all unfair; 9 = very unfair) based on the study by Finkel (2001). The intent to buy was also measured through a nine-point Likert scale where the respondents indicated the likelihood of adopting the indicated behaviors (1 = very unlikely; 9 = very likely). The scale listed the following items (Xia and Monroe, 2005) "Buy services from this company in the future"; "Switch to the competition when possible."

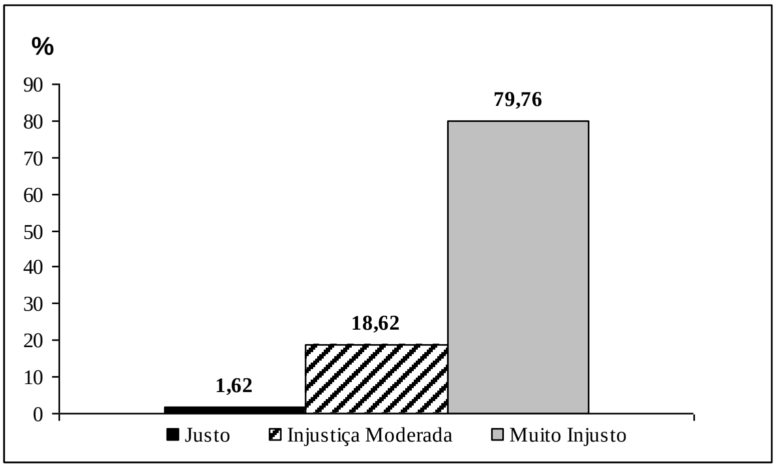
The operationalization of the dependent variables was checked through a nine-point Likert scale (1 = strongly disagree; 9 = strongly agree). The items listed on this scale are the same as those used previously in the study by Kukar-Kinney, Xia and Monroe (2005): "The service provider intends to boost profits through price increases." "The service provider intends to take advantage of consumers through price increases"; "The service provider does not have good intentions when increasing the prices." The resulting means indicate that the operationalization of the dependent variables was perceived as predicted (see Table 1).

Table 1 - Checking the Operationalization of the Dependent Variables

	Increase Profits	Take Advantage	Bad Intentions
Mean	7.20	8.00	6.40
Medium	8.00	9.00	7.00
Standard deviation	1.94	1.59	2.33

4.2 Findings
Most of the respondents in this survey felt the price increase was unfair, with 79.76% rating it as very unfair (see Figure 1).

Figure 2 – Perceptions of Price Increase Unfairness



[] Fair [] Moderately unfair [] Very unfair

ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

In addition to considering the price increase scenario as unfair, the respondents expressed the wish to switch to a competitor, indicating a low intention of doing business with the company in the future. A significant correlation was found between Perceived Unfairness and Intent to Buy, both current and future (see Tables 3 and 4).

Table 3 – Dependent Variables

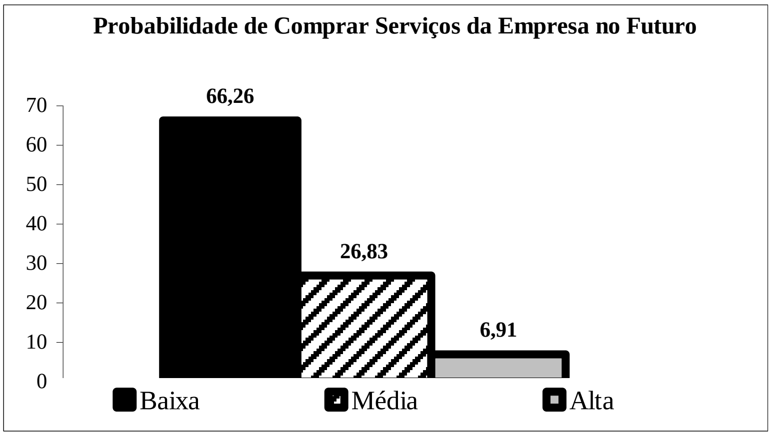
	Unfairness	Switch to the competition	Buy services in future
Mean	7.10	6.87	3.11
Medium	7.00	7.00	3.00
Standard deviation	1.83	2.03	1.78

Table 4 – Correlations among Dependent Variables

Spearman's rho		Unfairness	Switch to competition	Buy services in future
	Correlation Coefficient	1.000	0.256	(0.269)
Unfairness	Sig. (2-tailed)		0.000	0.000
	N	247.000	245.000	245.000

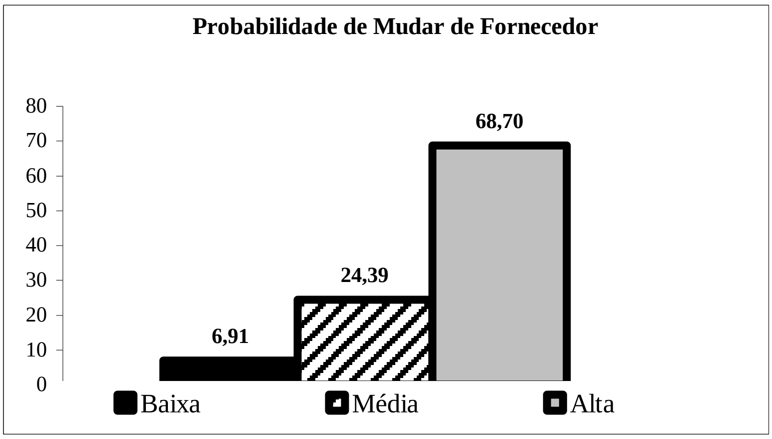
Among the respondents: 78% felt that the company raised prices in order to boost profits; 78% that the company was trying to take advantage of its customers through the price increase; and 79% felt that the company had bad intentions. Only 6.91% of the respondents indicated a low probability of switching and a high probability of doing business with the company in the future (see Figures 3 and 4).

Figure 3 – Likelihood of Buying Services from the Company in the Future



[] Low [] Medium [] High

Figure 4 – Likelihood of Switching Providers



[] Low [] Medium [] High

ISSN: 2047 - 0398
SPECIAL ISSUE – VII|4|N|12| May | 2015

5. CONCLUSION

The purpose of this paper was to investigate whether the precedents and consequences of price fairness perceptions indicated in the international literature are replicated in the Brazilian context. Despite the constraints of an exploratory survey, in addition to the selected sampling process and research methodologies, it may be stated that the evidence obtained in these two surveys is closely aligned with the conclusions reached by major international studies of price fairness perceptions, except for perceptions of the value and trust variables (see Table 5). Future surveys may overstep the constraints of this study by using other methodologies, such as experiments and structural modeling, and may well extend this investigation to other types of services and social classes.

Table 5

Variables Studied in International Literature	*Evidence Obtained in Study 1*	*Evidence Obtained in Study 2*
Precedents		
• Inference of Cost X Profit	Yes	Yes
• Inference of Reasons, Causes and Responsibilities	Yes	Yes
• Social standards	Yes	
• Reputation	Yes	
• Quality	Yes	
• Satisfaction	Yes	
Consequences		
• Intent to buy (current and future)	Yes	Yes
• Other Behaviors	Yes	
• Negative feelings	Yes	
• Trust	No	
• Perception of Value	No	

The data show that other variables warrant investigation in greater depth in the future: negative feelings; impact on personal budget; absorption of costs; consumer dependence; importance of service; customer loyalty; customer service quality; and seeking retaliation against the company.

The qualitative findings of this survey also indicate some paths to follow for service companies eager to avoid perceptions of unfairness. Initially, many respondents stated that they would like to receive detailed and transparent notifications of any price increases. This is aligned with the indications of research projects exploring interpersonal and procedural fairness, which underscore the importance of how people are treated during the process and the transparency of the process *per se* (CLEMMER, 1988; TAX, 1993; OLIVER, 1997). A similar outcome was found by Santos (2001) in a complaint management survey.

The respondents also noted that the increase might be justifiable if it were accompanied by better benefits through the service. This is aligned with mentions in the literature that consumers will generally assess the overall fairness of a specific situation on the basis of their input (i.e., price paid) and the inputs of the supplier, vendor or seller (i.e., benefits offered) (OLIVER, 1997; MONROE & CHENG, 2013). Perceptions of unfairness are closely linked to perceptions that a company is pursuing abusive profit margins . Consequently, when low quality is perceived for the services (such as poorly trained employees, shabby premises or unreliable operating systems), the service provider may be accused of keeping costs down or failing to invest adequately.

The price may thus be considered as unfair, through either underpinning abusive profit margins or transferring costs to consumers that are caused by inefficient rendering of the services. Finally, the respondents stated that if they were satisfied with service quality, they might feel that the price increase was fair. These findings are consistent with the statement by Homburg et al. (2005) that customer satisfaction levels may lessen price unfairness perceptions.

REFERENCES

ADAMS, J.S. Inequity in Social Exchange. In: BERKOWITS, L (ed.) Advances in Experimental Social Psychology. New York: Academic, v.2, 267-299, 1965.

BOLTON, L. E.; WARLOP, L.; ALBA, J. W. Consumer Perceptions of Price (Un)Fairness. Journal of Consumer Research, v.29, March, 474-491, 2003.

CAMPBELL, M.; Perceptions of Price Unfairness: Antecedents and Consequences. Journal of Marketing Research, Vol. 36, 2, May, 187-199, 1999.

CAMPBELL, M.; Says Who?! How the Source of Price Information and Affect Influence Perceived Price (Un)fairness. Journal of Marketing Research, 36(2), 187-199, 2007

CLEMMER, E.C. The Role of Fairness In Customer Satisfaction with Services, Doctoral Dissertation, University of Maryland, Maryland, 1988.

CLEMMER, E.C. An Investigation into the Relationship of Fairness and Customer Satisfaction with Services. In CROPANZANO, R. (ed). Justice in the Workplace. Hillsdale: Lawrence Erlbaum Associates, 1993

DEUTSCH, M. Distributive Justice. New Haven: Yale University, 1985.

DICKSON, P. R.; KALAPURAKAL, R. The Use and Perceived Fairness of Price-Setting Rules in the Bulk Electricity Market. Journal of Economic Psychology, 15 (3), 427-448, 1994.

FERGUSON, J.; ELLEN, P.; PISCOPO, G. Suspicion and Perceptions of Price Fairness in Time of Crisis, Journal of Business Ethics, 98(2), 331-349, 2011.

FINKEL, N. Not Fair! The Typology of Commonsense Unfairness. Washington DC: American Psychological Associations, 2001.

GABARINO, E.; MAXWELL, S. Social Norms and Judged Fairness as Mediator of Trust-Breaking due to Dynamic Pricing. Working paper at Fordham University, NY, USA. Presented at: Pricing Camp - Behavioral Pricing Conference, organized by the University of Illinois at Urbana-Champaign, II; May 2005.

HOMBURG, C.; HOYER, W. D.; KOSCHATE, N. Customers' Reactions to Price Increases: Do Customer Satisfaction and Perceived Motive Fairness Matter? Journal of The Academy of Marketing Science, v. 33, no. 1, 36-49, 2005.

KAHNEMAN, D.; KNETSCH, J. L.; THALER, R. H. Fairness as a Constraint on Profit Seeking: Entitlements in the Market. The American Economic Review, Vol. 76, 4. 728-741, 1986.

KUKAR-KINNEY, M.; XIA, L.; MONROE, K. B. Consumers' Perceptions of the Fairness of Price-Matching Refund Policies. Department of Business Administration, University of Illinois, Champaign, IL, USA. Presented at: Pricing Camp - Behavioral Pricing Conference, organized by the University of Illinois at Urbana-Champaign, II; May 2005.

MARTINS, M. An Experimental Investigation of the Effects of Perceived Price Fairness on Perceptions of Sacrifice and Value, doctoral dissertation, Department of Business Administration, University of Illinois, 1995.

MAXWELL, S. What Makes a Price Seem Fair? Pricing Strategy & Practice, v. 3, n.4, 21-27, 1995.

MAXWELL, S. Biased Attributions of a Price Increase: Effects of Culture and Gender. Journal of Consumer Marketing, v. 16, n.1, 9-23, 1999.

MAXWELL, S. Ruled-Based Price Fairness and its Effect on Willingness to Purchase. Pricing Strategy & Practice, v. 3, n.4, 21-27, 2002.

MAXWELL, S.; MAYER, V.; AVILA, M.; DILLER, H.; STAMER, H. Reactions to a Price Increase: What Makes it Seem Fair, Global Journal of Management and Business Research, v.13, Issue 3, 2013.

MAYER, V.; AVILA, M. A Qualitative Investigation of Community Standards of Fairness in the Brazilian Market: Inferences, Emotions and Culture. Fordham Behavioral Pricing Conference, Fordham University, New York, NY, 2004.

MONROE, K. B.; LEE, A. Y. Remembering Versus Knowing: Issues in Buyers' Processing of Price Information. Journal of the Academy of Marketing Science, v. 27, no. 2, 207-225, 1999.

MONROE, K. B. Behavioral Pricing Research**:** An Historical Overview. Presented at: Pricing Camp - Behavioral Pricing Conference, University of Illinois at Urbana-Champaign, II; May 2005.

MONROE, K. B.; CHENG, L. An Appraisal of berhavioral Price Research (part 1): Price as a Physical Stimulus, AMS Review, 22 March 2013.

MORGAN, D. L. Successful Focus Groups: Advancing the State of the Art, Morgan, David L. Thousand Oaks, CA: Sage Publications, 1993.

NAMKUNG, Y.; JANG SOO, C. Effects of Perceived Service Fairness on Emotions and Behavioral Intentions in Restaurants. European Journal of marketing, 44(9/10), 1233-1259, 2010.

OLIVER, R.; SWAN, J. E. Consumer Perception of Interpersonal Equity and Satisfaction in Transaction: A Field Survey Approach. Journal of Marketing, 53 (April), 21-35, 1989.

OLIVER, R. Satisfaction: A Behavioral Perspective on the Consumer. Ed Irwin / Mc Graw Hill,

1997.
PIRON, R.; Fernandez, Luis. Are Fairness Constraints on Profit-Seeking Important? Journal of Economic Psychology, v.16, 73-96, 1995.
SANTOS, C. P. Impacto do Gerenciamento de Reclamações na Confiança e Lealdade do Consumidor, no Contexto de Trocas Relacionais de Serviços: Construção e Teste de um Modelo Teórico. Porto Alegre, Graduate Program in Business Administration, UFRGS, 2001. Thesis (PhD in Business Administration), 2001.
SANTOS, C.P.; ROSSI, C.A.V. O Impacto do Gerenciamento de Reclamações na Confiança e na Lealdade do Consumidor, Revista de Administração Contemporânea, v.6, n.2, Março/Abril, 49-72, 2002.
SANTOS C.P.; FERNANDES, D. A Recuperação de Serviços como Ferramenta de Relacionamento e seu Impacto na Confiança e Lealdade de Clientes, Revista de Administração de Empresas, v.48, n.1, 10-24, 2008.
TAX, S. S. The Role of Perceived Justice in Complaint Resolutions: Implications for Services and Relationship Marketing. Doctoral Dissertation, Arizona State University, p.248 1993.
THALER, R. Mental Accounting and Consumer Choice. Marketing Science. v. 4, Issue 3, Summer, 1985.
THIBAUT, J; WALKER, L. Procedural Justice: A Psychological Analysis. Hillsdale, NJ: Lawrence Erlbaum, 1975.
VAIDYANATHAN, R.; AGRARWAL, P. What is the Fairest of Them All? An Attributional Approach to Price Fairness. Journal of Business Research, 56, 453-463, 2003.
XIA, L.; MONROE, K. B.; COX, J. L. The Price is Unfair! A Conceptual Framework of Price Fairness Perceptions**.** Journal of Marketing**,** v. 68, 1-15, October 2004.
XIA, L.; MONROE, K. B. Is a Good deal Always Fair? Examining the Concepts of Transaction Value and Price fairness. Journal of Economic Psychology, v. 31, Issue 6, 884-894December, 2010.