IT'S NOT JUST BUSINESS, IT'S PERSONAL: THE SELF-CONCEPT AND CONSUMERS' FAIRNESS JUDGMENTS

by

Lindsay McShane

A thesis submitted to the School of Business

In conformity with the requirements for

the degree of Doctor of Philosophy

Queen's University

Kingston, Ontario, Canada

(September, 2012)

Abstract

Consumers often pay different prices for the same product, and prices commonly vary across stores and time. Theories of fairness suggest that such price discrepancies will be deemed unfair, yet consumers' perceptions of unfairness in such situations vary greatly (Haws and Bearden 2006). This dissertation aims to enrich our understanding of this issue by examining the role of threat in shaping consumers' perceptions of unfairness. Specifically, integrating the extant literature on unfairness, affect and identity, it argues that an important basis for consumers' perceptions of unfairness is the degree to which price differentials convey threatening information about important aspects of the consumers' self-concept. In fact, it suggests that price differentials can convey threatening information about two distinct aspects of consumers' identity – their perceived relational value and their personal identity - and identifies conditions under which such information is likely conveyed. Here, relational value refers to assessments of social worth and personal identity refers to the aspect of the self concerned with the achievement of individualized goals such as competence, mastery and conscience (Skitka 2003). The logic underlying this central argument is that self-threatening price differentials trigger more intense negative affect, which is subsequently used by consumers to inform their fairness judgments. The current work also examines whether price differentials that convey *self-affirming* information are likely to be deemed less unfair because of the positive feelings they inspire.

Taken as a whole, this dissertation highlights the central role of threat in shaping consumers' price fairness judgments. In doing so, it contributes to the fairness

literature, both in marketing and more broadly, by offering an organizing framework for understanding the basis of consumers' price fairness judgments.

Acknowledgements

My sincere thanks to everyone who has helped with this research over the last few years. Thanks first and foremost to my committee members – you have all provided incredibly helpful comments along the way that have greatly improved this research. A special thanks to Laurence Ashworth, my thesis supervisor, who has spent countless hours over the last several years teaching me about research – thank you, this experience has been invaluable!

I'd also like to thank my friends and family, who were, at least sometimes, willing to hear me out as I hashed out my research and brainstormed experimental designs. As well, a big thank you to all of my peers in the doctoral program who made the PhD years much more enjoyable from start to finish!

Table of Contents

List of Figures

List of Tables

Chapter 1

Introduction

1.1 Research Question and Approach

It is not unusual for consumers to pay different prices for the same product, or for prices to vary across stores and time. Such price differentials are an important source of unfairness (e.g., Adams 1965; Kahneman, Knetsch, and Thaler 1986), and can lead to a wide variety of negative affective and behavioral reactions, such as anger towards the firm (Bolton, Keh, and Alba 2010), reduced shopping intentions (Campbell 1999), dissatisfaction (Oliver and Swan 1989), and revenge (Gregoire and Fisher 2008; Porath, MacInnis, and Folkes 2011). Dominant frameworks of price fairness, such as transaction utility theory (TUT) (Thaler 1985) and equity theory (Adams 1965), attribute fairness perceptions to discrepancies between the prices that consumers receive or are offered and some reference price (i.e., a price based on standards and/or expectations held in consumers' memory based on past experiences or the current purchase environment: Maxwell 2002; Mazumdar 2005; Monroe 1973). In the case of equity theory, such discrepancies are also said to be adjusted for differences in inputs (Adams 1965) (discussed in more detail in Chapter 2). More recent literature, however, has found that ostensibly equivalent price differentials can result in quite discrepant judgments of unfairness (e.g., Campbell 1999; Darke and Dahl 2003; Haws and Bearden 2006). Why do consumers' perceptions of unfairness vary so much across price discrepant situations? This dissertation, integrating the extant literatures on fairness, identity and affect takes steps to address this issue. To do so, it examines

the role of threat in shaping consumers' perceptions of unfairness. Specifically, it examines the central thesis that price differentials are capable of conveying *threatening* information about important aspects of consumers' identity and that such threat contributes to the overall experience of unfairness. It examines threats to two distinct components of identity: consumers' relational value and their personal identity, as well as factors that cause price differentials to threaten each.

To examine the role of threat in shaping consumers' fairness judgments, I begin by reviewing existing work. The purpose of this review is to highlight the dominant theoretical perspectives that are typically used to understand consumers' perceptions of price unfairness, and to consider how their underlying assumptions have shaped our current thinking. The review first discusses the components of fairness as identified in the organizational psychology literature. These components include distributive justice (the perceived fairness of outcomes), procedural justice (the perceived fairness of the processes by which outcomes are allocated), and interactional justice (the interpersonal treatment associated with the enactment of the procedures) (Colquitt et al. 2001). I then proceed to examine in detail two particularly dominant theories of distributive fairness that are commonly used in the marketing literature to understand price fairness - equity theory and transaction utility theory. Both theories emphasize comparisons between individuals' price – or their outcome, more generally – and some referent standard (e.g., another consumer's price, the seller's costs, prices previously available or competitor's prices:) as the means by which consumers assess price unfairness. (Adams 1965; Bolton, Keh and Alba

2010; Bolton, Warlop and Alba 2003; Campbell 2007; Mazumdar, Raj and Sinha 2005; Thaler 1985; Vaidyanathan and Aggarwal 2003; Xia and Monroe 2010).

Following this review of existing theories of fairness, I draw on more recent price fairness work to argue that the dominant theoretical perspectives that we use to understand price fairness judgments are incomplete. Specifically, in contrast to equity theory and transaction utility theory, recent work identifies a number of context-specific factors that that have been noted as affecting price fairness judgments beyond basic price differentials (Ashworth and McShane 2012; Bolton, Keh and Alba 2010; Bolton and Alba 2006; Campbell 1999; Darke and Dahl 2003; Haws and Bearden 2006; Vaidyanathan and Aggarwal 2003). Taking a closer look at such factors, I argue that many of these factors, such as inferred motives (Campbell 1999), seller responsibility (Vaidyanathan and Aggarwal 2003), and loyalty status (Darke and Dahl 2003), could be understood as presenting some form of threat to consumers.

In an effort to build on this idea, I then turn to the extensive organizational psychology literature, which, in contrast to the marketing literature, provides insights as to the relationship between the self and fairness. More specifically, I draw on theories of procedural and interactional justice (Bies and Moag 1986; Tyler and Blader 2003; van den Bos 2001b; Tyler and Lind 1992) to examine the idea that the extent to which a price discrepancy conveys self-threatening is an important basis for consumers' price fairness judgments, and to consider which aspects of the self may be threatened. Based on this work, and more specifically work examining the role of respect in fairness (Miller 2001), I argue that one particular aspect of the self that may be threatened by price discrepant situations is one's perceived relational value. That is, I argue

that inequitable price comparisons may affect perceptions of social worth. Specifically, I predict that unfavorable price differentials (i.e., paying more than the referent standard) will *threaten* one's perceived relational value (i.e., lead to inferences of low social worth), when they are perceived to be the result of deliberate actions taken by the seller (particularly when that relationship is important to the consumer). In other situations, however, I argue that unfavorable price differentials may threaten consumers' personal identity (i.e., the aspect of the self that encapsulates one's pursuit of more individualized goals such as competence, achievement, mastery, moral authenticity and conscience: Gecas 2000; Haslam 2000; Skitka 2003) by inspiring beliefs of incompetence. Specifically, I predict that unfavorable price differentials may lead to inferences of incompetence (i.e., a personal identity threat) when the consumer feels at least partially responsible for paying the price that they did. Notably, I then turn to argue that the basic ideas presented in the conceptual framework (i.e., that an important basis for fairness judgments is the extent to which price differentials convey self-relevant information) will also hold in advantageously inequitable situations (i.e., undeserved favorable price differentials). In this case, however, I suggest that any self-relevant information conveyed is likely to be self-affirming in nature, and so have a mitigating effect on unfairness.

Finally, I take steps to understand *why* threat is an important basis for consumers' price fairness judgments. This is a particularly intriguing question given that the dominant theories of distributive justice that are typically used to understand these judgments (i.e., equity theory and transaction utility theory) allow no role for threat. To examine this issue, I draw on the affect-as-information model of consumer judgment (discussed in more detail in Chapter 2). This model

suggests that, under certain circumstances, individuals consult their feelings to inform their evaluative judgments (Pham 2008; Schwartz and Clore 1988). Adopting this perspective, I argue that self-threatening inferences influence perceived price unfairness because they inspire more intense negative affect, which is then used to inform consumers' fairness judgments. Similarly, self-affirming inferences are predicted to influence perceived unfairness by inspiring more intense positive affect, which then has a corresponding influence on the fairness judgment. Having developed specific predictions about the nature of the relationship between self-threat, affect and fairness, I then proceed to test these ideas across seven studies.

1.2 Intended Contribution

This dissertation, by integrating the extensive literatures on fairness, identity and affect, enriches our understanding of consumers' price fairness judgments. It also contributes more generally to the fairness literature, both within marketing and in the broader management and organizational psychology literatures. With regards to marketing, this work identifies self-threat an important basis for price fairness judgments and so helps to explain why price differentials vary in the extent to which they are deemed unfair. It also identifies two distinct aspects of the self (i.e., perceived relational value and personal identity) that may be threatened by price differentials and, by extension, identifies conditions under which differentials are more or less likely to inspire unfairness. Furthermore, it examines the underlying processes for why self-threatening price discrepancies are important to consumers' price fairness judgments (i.e., that self-threatening price differentials lead to more intense negative affect that is subsequently used

to inform consumers' price fairness judgments). To date, much of the fairness literature examines affect as an outcome of unfairness, but this work contributes to a growing body of literature examining the reciprocal relationship between fairness and affect (e.g., Campbell 2007; Mullen 2007; Cropanzano, Stein and Nadisic 2011).

In addition to the more specific contributions to the marketing literature on price fairness, this dissertation also offers several meaningful insights about fairness judgments that speak to a much broader audience. First and foremost, this work offers an organizing framework for understanding the basis of distributive fairness judgments, one that explicitly investigates the relationships between key constructs that have been previously identified as important to fairness but not examined together (e.g., deservingness, identity, blame, affect). In doing so, the framework clarifies the nature of these relationships and, by extension, challenges many of the assumptions that underlie, or are even embedded into, many of the dominant theories of fairness.

Also, by extending the core idea presented in the conceptual framework to consider self-affirmations as well as self-threats, this work offers critical insight about the perceived unfairness of advantageous differentials. That is, it suggests that advantageous differentials that convey self-affirming (self-threatening) inferences about important aspects of their self-concept are likely to be deemed less (more) unfair than those that do not. This enhanced understanding of when advantageous differentials are likely to be deemed unfair helps, along with only a limited number of other works (e.g., Xia and Monroe 2010; Varki, Miller and Banerjee 2008; Van den Bos et al. 2006), to disentangle the divergent predictions that dominant theories of fairness make about the perceived unfairness of advantageous inequities (i.e., equity theory suggests that advantageous

inequities will be deemed unfair; transaction utility theory suggests that advantageous inequities will be deemed fair). These contributions will be discussed in more detail in Chapter 4.

1.3 Structure of Thesis

In the next Chapter, I both review the relevant literature on fairness, the self and the affect-as-information model of consumer judgment and develop my hypotheses. More specifically, I begin with a review of the price fairness literature and then turn to the organizational and social psychology literatures to more fully understand the self and how it relates to fairness judgments. Drawing on this work, I then develop my initial hypotheses. Next, I turn to the literature on the affect-as-information model of consumer judgment to develop specific predictions about why self-threats are important to consumers' price fairness judgments. In Chapter 3, I outline the method and results of the studies that I conducted to test the hypotheses presented in Chapter 2. Finally, Chapter 4 presents a discussion of the theoretical and managerial implications, as well as highlights the dissertation's contributions, limitations and avenues for further research.

Chapter 2

Literature Review and Conceptual Development

2.1 Background: The Importance of Price Fairness in Marketplace Exchange

Price fairness has been highlighted as an important consumer goal in marketplace exchange. In fact, previous work suggests that price fairness, in a sense, is one of two primary sources of value that consumers derive from an exchange. These sources of value are commonly referred to as acquisition utility and transaction utility. The former refers to the value that consumers receive from the good or service that they have purchased relative to what they spent to acquire the product (i.e., the net gain; Grewal, Monroe and Krishnan 1998). The latter, however, refers to the consumer's ''incremental willingness or hesitance to buy at a certain price that is attributable to the consumer's assessment of whether the proposed price is justified by the societal standards of fairness'' (Kachelmeier, Limberg and Schadewald 1991, 449). In other words, this particular source of value is commonly thought of as that derived from the perceived fairness of the price (Darke and Dahl 2003; Kahn and Louie 1990).

Consumers' price fairness concerns should not be taken lightly given the significant affective, attitudinal and behavioral consequences associated with perceptions of (un)fairness. For instance, perceived price *fairness* has been shown to enhance positive utility and consumer satisfaction (Thaler 1985; Xia and Monroe 2010). In contrast, perceived price *unfairness* has been shown to generate a wide variety of negative responses. With regards to the latter, perceptions of unfairness have been shown to lead to negative emotions such as anger, shame,

outrage, guilt (e.g., Bolton, Keh and Alba 2010; Campbell 1999; Xia, Monroe and Cox 2004) as well as lower shopping intentions (Campbell 1999; Homburg, Hoyer and Koschate 2005), revenge behaviours (Porath, MacInnis and Folkes 2011; Sen, Gurhan-Canli and Morwitz 2001), complaining behaviors (Huppertz, Arenson and Evans 1978), lower levels of consumer satisfaction (Hermann, Xia, Monroe and Huber 2007; Oliver and Swan 1989) and weaker marketing channel relationships (Kumar, Scheer and Steenkamp 1995; Samaha, Palmatier and Dant 2011). In fact, previous work shows that consumers will incur a personal cost in order to enforce principles of fairness (Bechwati and Morrin 2003). Capturing the importance of fairness perceptions in more economic terms, Anderson and Simester (2008) find that perceptions of unfair price changes can lead to a 6-8% decrease in gross profits.

This extant work highlights the importance of price fairness to consumers. As noted earlier, dominant theories of price fairness, such equity theory and transaction utility theory, suggest that perceptions of unfairness derive from discrepancies between the prices that consumers pay and some referent standard (adjusted for inputs in the case of equity theory) (Adams 1965; Thaler 1985). Yet, more recent work finds that consumers' perceptions of unfairness in such price discrepant situations vary greatly (e.g., Campbell 1999; Darke and Dahl 2003; Haws and Bearden 2006). Theoretically, it is important to understand *why* such variations occur. Practically, it is important to understand when price discrepancies are likely to be deemed most unfair given the above-noted consequences of unfairness. I argue, as noted in Chapter 1, that self-threat is a potentially overarching construct that can be integrated into the basic reference-price-discrepancy paradigm of price fairness to help explain such variances. As such,

in this dissertation, I take steps to examine the role of self-threat in shaping consumers' perceptions of unfairness.

2.2 Current Approaches to Price Fairness Research

In order to examine the potentially critical role that self-threat plays in shaping consumers' perceptions of price unfairness, it is important to first take a closer look at how the literature currently treats issues of price unfairness. As such, this section examines the theoretical approaches, and the related assumptions, that underlie the current understanding of price fairness perceptions. In doing so, it opens up avenues to consider threat as an important the basis of such judgments and offers insights about how the role of threat may be integrated with existing conceptualizations of price fairness perceptions.

2.2.1 Price Fairness as a Form of Distributive Justice.

The extant work on price fairness perceptions tends to adopt the viewpoint that prices are essentially a type of resource that is distributed to consumers (e.g., Bolton, Keh and Alba 2010; Campbell 1999; Haws and Bearden 2006). In other words, it views price fairness as an issue of distributive justice, which is one particular component of justice that has been noted in the organizational psychology literature (i.e., "the perceived fairness of the resources received" (Cropanzano and Ambrose 2001, 201). This distributive approach to understanding price fairness has naturally led to a predominant reliance on distributive theories of justice to understand the extent to which prices that deviate from the referent standard are likely to be deemed unfair.

These theories, in turn, have significantly influenced how we study fairness concerns in marketing and, by extension, our current understanding of price fairness judgments.

Price fairness research tends to draw primarily on two theoretical frameworks of distributive justice to examine consumers' price fairness judgments –transaction utility theory and equity theory. In fact, these theories are either explicitly or implicitly assumed to be the basis of price fairness judgments in much of the marketing literature (e.g., Oliver and Swan 1989; Xia, Kukar-Kinney and Monroe 2010; Bolton, Warlop and Alba 2003; Kahneman, Knetsch and Thaler 1986a). Transaction utility theory suggests that there are two sources of utility that consumers derive from their purchases - acquisition utility and transaction utility (Thaler 1985). Transaction utility, as noted earlier, is typically equated with fairness judgments and is said to be determined according to the deviations between selling price and reference price. From this perspective, fairness judgments reflect calculations of the difference between the selling price and the reference price, where positive calculations (i.e., when selling prices are above the reference price) are deemed unfair (Bolton, Warlop and Alba 2003). Situations where the selling price is equal to or less than the reference price are considered fair, and the positive utility associated with getting a deal is assumed to increase as the positive gap between the reference price and the selling price widens (Thaler 1985).

Equity theory is another theoretical framework often used as a basis for understanding fairness judgments in marketing (e.g., Campbell 1999; Oliver and Swan 1989; Pinkley, Neale, and Bennett 1994). In contrast to the economic roots of the transaction utility theory, equity theory was initially couched in the organizational and behavioural psychology literature as a

means to understand fairness in situations where resources were being distributed between equal partners (e.g. coworkers) (Adams 1965; Cook and Yamagishi 1983). It is similar in nature to transaction utility theory but suggests that not only do consumers assess fairness based on a referent outcome, but also based on the inputs of that referent standard. For instance, in cases where the referent price is another's consumer's price, equity theory suggests that fairness judgments reflect not only the gap between the focal consumer's price and that of the other but also the relative inputs of the consumers. That is, equity theory suggests that perceptions of fairness depend on the extent to which one's proportion of outcomes to inputs is consistent with that of a comparative standard. For example, according to equity theory, an exchange would be considered fair by both parties when one individual's outcome to input ratio is equal to that of the comparison other (Adams 1965). This is perhaps best captured by the following equation: $\frac{\text{Outcomes A}}{\text{Inputs A}} = \frac{\text{Outcomes B}}{\text{Inputs B}}$. In a sense, equity theory suggests that fairness judgments are essentially calculations based on the outcome to input ratio of a referent standard.

2.2.2 Unfairness and Deservingness Violations.

A review of equity theory and transaction utility theory highlights certain parallels across these two dominant theoretical frameworks. For instance, consistent across both of these perspectives are both the centrality of referent standards and, relatedly, the idea that fairness judgments are formed via a comparison process. Specifically, these theories suggest that fairness judgments are formed by consumers comparing their outcome, or in the case of equity theory, their outcome to input ratio, to some referent standard. This standard may be another consumer's

price (Bolton, Keh, and Alba 2010; Darke and Dahl 2003), the seller's costs (Thaler 1985), prices previously available, competitor's prices (Bolton, Warlop and Alba 2003) or even a more general reference price based on standards and/or expectations held in consumers' memory based on past experiences or the current purchase environment (Maxwell 2002; Mazumdar 2005; Monroe 1973). To the extent that this computation yields an inequity (i.e., a price discrepancy exists in the absence of differential input), the situation will be deemed unfair.

Particularly relevant for the current work is the literature suggesting that the comparison process at the heart of both frameworks is central to fairness judgments *because* it enables consumers to assess whether they received what they deserved, where equity (or the referent price) is equated with desert (Wagstaff 1994; Oliver and Swan 1989). Implicit here is the assumption that inequities that cannot be explained by differential inputs represent violations of deservingness. That is, unfavorable price differentials are deemed unfair because individuals receive less than they deserve. It is presumed that it is such violations of deservingness that result in perceived unfairness (Wagstaff 1994). In other words, from this perspective, these frameworks implicitly suggest that consumers' perceptions of price unfairness are a reflection of *personal deservingness assessments* (i.e., did I pay more than I deserved?), where the referent standard represents what one deserved to pay.

2.2.3 Going Beyond Fairness as Personal Deservingness Assessments

The perspective of "price differentials as violations of deservingness" certainly helps to understand why price differentials are considered unfair. However, they cannot explain the great variations in the perceived price unfairness of seemingly equivalent price differentials that has

been noted in the extant literature (e.g., Campbell 1999; Darke and Dahl 2003; Haws and Bearden 2006). I argue, however, that taking into consideration the inferences that consumers make about why their deservingness was violated helps to reconcile this issue. I now turn to consider this point in more detail as it represents a crucial step in understanding the role of threat in shaping fairness judgments and, further, in understanding how threat can be integrated with existing conceptualization of price fairness perceptions.

The dominant price fairness frameworks discussed earlier, which implicitly adopt the perspective of "price differentials as violations of deservingness", have enabled researchers to identify several factors that are likely to influence perceived price unfairness. For instance, an equity approach highlights that disadvantageous price comparisons that are attributable to the loyalty status of the other consumer should not be perceived as particularly unfair because loyalty is a relevant input. That is, a loyal consumer has higher inputs and so is deserving of a lower price (Darke and Dahl 2003). Similarly, one way to understand Bolton and Alba's (2006) finding that price increases based on alignable costs are less unfair than those based on non-alignable costs is that consumers may deem alignable costs a more relevant seller input, thus justifying the higher outcomes.

Despite their dominance, however, there is evidence that fairness judgments reflect more than deviations from consumers' deservingness assessments. Campbell (1999), for example, found that price fairness judgments were influenced by inferred firm motive. Vaidyanathan and Aggarwal (2003) showed that unfairness was affected by perceptions of the firm's role in causing the price differential. Bolton et al. (2010) found that unfairness was higher among collectivist

consumers who paid more than another consumer from their in-group (vs. an out-group) because this was associated with a loss of face. More recently, Ashworth and McShane (2012) found that comparisons to another consumer who bragged about their lower price increased perceived unfairness. Equity theory and transaction utility theory predict no differences in fairness in these situations as relative outcomes and inputs are unaffected. Across these cases, however, I argue that the discrepancy between consumers' outcome and the outcome they deserved could be interpreted as conveying threatening information to the consumer about important aspects of their self-concept. That is, I believe that the inferences consumers make about *why* a price differential occurred (i.e., why deservingness was violated) can introduce some additional threat to their identity that subsequently influences their fairness judgments. In cases where such threat is conveyed, I expect the information to have a subsequent (and corresponding) effect on unfairness. Relating these ideas directly to existing conceptualizations of fairness, I argue that consumers' perceptions of price unfairness stem from deservingness violations (i.e., price differentials) but that such judgments are also influenced by the inferences that they make about *why* their deservingness was violated. Inferences that threaten elements of consumers' identity are expected to contribute to the overall experience of unfairness.

In the following section I turn to further develop this central thesis - that threat conveyed via deservingness violations (in this case, price differentials) is an important source of experienced unfairness. Specifically, I draw on the organizational psychology literature on procedural and interactional justice to examine the proposed overarching relationship between threat and fairness, as well as to investigate the idea that price differentials may threaten distinct

aspects of the self-concept. With regards to the latter, I argue that in certain situations consumers may infer that paying more than a referent standard reflects a sellers' low opinion of them, thus communicating low relational value (i.e., a relational value threat). In other circumstances, I suggest that consumers may attribute their undeserved outcome, in part, to their own incompetence (e.g., "I should have known better"), thus threatening elements of their personal identity.

2.3 Fairness and Self-Threat

The relationship between the self and fairness has received scant attention in marketing. As such, to further develop the idea that threat is importantly related to the experience of unfairness, I turn to the organizational psychology literature on *procedural* justice (i.e., the fairness of the processes by which outcomes are allocated) and *interactional* justice (the interpersonal enactment of procedures) (Bies and Moag 1986; Colquitt et al. 2001). This literature's treatment of these justice components stands in contrast to that in the marketing literature, which typically adopts a relatively straightforward application of mapping exchange elements onto corresponding justice components to evaluate consumers' responses to service failures (e.g., slow service → procedural injustice; impolite service → interactional injustice) (e.g., Smith, Bolton and Wagner 1999; McColl-Kennedy and Sparks 2003; Namkung and Jang; Seiders and Berry 1998; Tax, Brown and Chandrashekaran 1998). Rather, the organizational psychology literature has pushed further to understand *why* these forms of justice are so important. Whereas distributive justice is commonly viewed as being important because of the

material consequences associated with inequitable distributions of resources (Cropanzano and Ambrose 2001; Folger and Cropanzano 2001), the work on procedural and interactional justice suggests that an individual's concern for defending, maintaining, and enhancing their self-concept is at the heart of why these components of fairness are so important (e.g., Miller 2001; Tyler and Lind 1992). The latter work, in that it addresses the relationship between fairness and the self, offers some insight about both how self-threats might influence price fairness judgments and about which aspects of the self-concept may be affected by price differentials. As such, it is helpful in developing the idea that a key factor in determining consumers' perceptions of price unfairness, despite price differentials being thought of as primarily an issue of distributive justice, is the extent to which a given price discrepancy conveys self-threatening information.

2.3.1 Fairness and Self-Threat: Procedural and Interactional Justice

Issues pertaining to the fairness of procedures have drawn great attention in the field of organizational psychology and many theories have been developed to understand why procedural justice matters so much to people. Particularly relevant for the current work are the uncertainty management model and the relational model of authority. These models highlight both a close relationship between threat and justice violations, and also speak to one particular aspect of the self-concept that may be threatened by justice violations – one's perceived social worth (i.e., perceived relational value). More generally, these theories highlight the centrality of the self (and self-threat), to fairness judgments As such, although these ideas are discussed in the context of procedural justice violations, extending them to a distributive justice paradigm offers additional

support for the proposed role of self-threat in shaping price fairness judgments. As such, I now turn to discuss these models of fairness.

2.3.1.1. Procedural Justice Violations and Self-Threat

The uncertainty management model suggests that individuals have an innate need to feel certain about the world and, consequently, that any uncertainty is inherently threatening (van den Bos 2009; van den Bos and Lind 2002; Lind and van den Bos 2002). More specifically, the aversive state triggered by uncertainty is said to result in an intense need to protect oneself, and one's worldviews, from this threat. Critically, the model suggests that the fairness of procedures offers a means by which to do so (van den Bos 2009; Lind and van den Bos 2002). In other words, it suggests that one central reason why procedural fairness is so important is because it helps people cope with uncertainty. The logic here is based on the idea that evidence of social integration can reduce uncertainty (and mitigate the associated threat), and that procedural justice serves an indication of social integration (Hogg 2000; van den Bos 2009). In a sense, the uncertainty model suggests that individuals essentially use the fairness of procedures (e.g., voice vs. no voice) as a proxy by which to assess the nature and quality of their relationships, where unjust procedures are viewed as indicative of low relationship quality (i.e., a lack of social integration) and just procedures as indicative of high relationship quality (Tyler and Lind 1992).

At the heart this uncertainty framework, is the idea that incidental threats of uncertainty (e.g., enhanced mortality salience, violation of cultural worldviews and/or religious beliefs) increase the extent to which individual's value procedural fairness because such judgments are a means to reduce uncertainty about the meaning of one's existence, the world and one's place

within that world (Hogg 2000; van den Bos 2009; van den Bos and Lind 2002; van den Bos and Miedema 2000). Capturing this dynamic, threatened individuals have been shown to respond more negatively to procedural injustices (e.g., lack of voice) and to deem them more unfair (van den Bos 2001; van den Bos and Lind 2002). That is, incidental threats have been shown to alter the way in which individuals judge unfairness. This is important for the current work in that it highlights the general idea that threat, and in a sense the threat associated with uncertainty of self, is importantly related to fairness.

2.3.1.2 Procedural Justice Violations and Perceptions of Social Worth

While the uncertainty management model offers support for the overarching idea that self-threat may be an important basis of perceived price unfairness, it also sheds light on one particular aspect of consumers' identity that may be threatened by justice violations. For instance, consider the argument that the fairness of procedures essentially serves as a proxy for one's relationship quality and/or social integration. Implicit here is the idea that the (in)justice of procedures is viewed by individuals as an indication of the extent to which they are accepted and/or valued by others. In other words, it suggests that procedural (in)justice can convey important information about one's perceived social worth. The notion that procedures can convey important interpersonal information is the central focus of the relational model of authority, another dominant theory of procedural justice. This model argues that procedures (and the (un)fairness of these procedures) matter *because* they convey important interpersonal information such as the quality of one's relationships, one's social standing, one's degree of acceptance by others, as well as the extent to which one is respected and/or valued by others

(Tyler and Lind 1992; Miller 2001). *Just procedures* suggest that one has high relational value, where relational value is a central aspect of the self-concept deriving from one's assessment of their social worth in interpersonal relationships (Leary et al. 1995, Leary 2001). On the other hand, *unjust procedures* are viewed as a form of rejection, exclusion or disrespect. That is, procedural justice violations, by definition, are presumed to be threatening in that they are indicative of low social worth. This model thus sheds light on why people might respond so violently to procedural violations; they undermine one's perceived social worth. More generally, it highlights an important link between justice violations and perceptions of social worth.

2.3.1.2 Interactional Justice Violations and Perceptions of Social Worth

A similar analysis, from the perspective of interactional justice, offers further support for the idea that inferences about relational value are importantly related to fairness judgments. Interactional injustice is said to occur in the case of rude or impolite treatment (Bies and Moag 1986). The precise reason why such treatment is unjust remains somewhat unclear. Miller (2001) suggests that people have a fundamental entitlement to respect and that rude treatment, in that it is disrespectful, violates that right and so is deemed unfair. This perspective is actually similar in nature to the equity theory perspective of fairness discussed earlier. The difference here is that, whereas work based on equity theory typically implies that deservingness is calculated based on the outcome to input ratio of a referent standard, this view suggests that deservingness is determined by an absolute standard (i.e., deservingness of respectful treatment). Essentially, as with equity theory, this approach associates unfairness with a violation of deservingness yet, in this case, what is violated is one's fundamental deservingness of respectful treatment. In contrast

to this perspective, Tyler and Blader (2003) instead suggest that interpersonal injustices (e.g., rude treatment) are unjust because they threaten one's reputation and status. That is, such injustices suggest that one is not worthy of respectful treatment, and so are indicative of social exclusion and/or rejection. Taking these two perspectives together and interpreting it from the current perspective, I argue that one central reason why rudeness and other such interpersonal violations are likely considered unfair is *because*, like procedural injustices, they convey threatening information about perceived social worth. In other words, they are suggestive of low relational value.

These models of fairness (i.e., the uncertainty management model, the relational model and the interactional justice models), which are varied in nature but are consistent in their focus on understanding why procedural and interactional justice matter so much to individuals, highlight the close relationship between fairness and the self. In fact, each of these models essentially place the self at the centre of understanding fairness judgments. For instance, consider how the uncertainty model argues that one of the reasons why procedural fairness is important is because it offers a means to understand one's place in the world. The relational model of authority and certain perspectives on interactional justice similarly emphasize the self by suggesting that such injustices threaten one's perceived social worth. I now turn to extend these general ideas, that the self (and self-threat) is importantly related to fairness judgments, into the paradigm of price fairness perceptions.

2.3.2 Price Unfairness and Self-Threat

Despite the emphasis on the self in both procedural and interactional justice frameworks,

surprisingly little work has considered its role in shaping distributive justice judgments and, more specifically, the role of self-threat in shaping price fairness judgments. Yet, an examination of the extant literature on price fairness highlights the possibility that price differentials may similarly convey self-relevant information.

In Section 2.2.3, following a close examination of the extant literature on price fairness perceptions and the related theoretical frameworks, I suggest that consumers' fairness judgments may not simply reflect deservingness violations but rather also the inferences that consumers make about why they received less than they deserved. A review of the extant organizational psychology justice literature, though in the context of procedural and interactional justice, then highlighted the centrality of the self to fairness judgments. Integrating these ideas together, I thus argue that inequitably *allocated outcomes* (in this case price differentials) may similarly convey threatening information about important aspects of consumers' self-concept. That is, consumers may make self-threatening inferences about why a deservingness violation occurred, which are then reflected in their fairness judgments. Put simply, I suggest that threat is an important basis for price fairness judgments. Notably, however, whereas existing models of fairness suggest that procedural and interactional injustices are, by definition, threatening in that they inherently convey aversive information about one's social environment, I do not suggest that distributive injustices *necessarily* convey self-relevant information. Rather, under certain circumstances, I argue that undeserved price differentials convey self-threatening information about important aspects of consumers' self-concept.

The central thesis of this work, that threat conveyed via price differentials is an important

source of price unfairness, stands largely in contrast to existing models of fairness. Specifically, it suggests that inequitable resource allocations (i.e., distributive injustices) may convey self-relevant information. Conversely, existing models of fairness typically assume that it is primarily procedural and interactional injustices that convey such information (Tyler and Lind 1992). Procedures are assumed to convey social evaluations more than outcomes and relational concerns tend to only be considered important to distributive justice through their impact on procedural justice judgments (Tyler 1994; Vermunt et al. 2001). Rather, distributive justice is typically assumed to primarily reflect concerns about material self-interest (Cropanzano and Ambrose 2001; Folger and Cropanzano 2001). The current model, however, suggests that distributive injustices can be interpreted by consumers as conveying both material and relational information. That is, it suggests that consumers' perceptions of price unfairness are shaped not only by their assessments of the material deservingness violation but also the self-threatening inferences they make about why they received less than they deserved. I now turn to a more detailed examination of the nature of the self-threatening information that may be conveyed.

2.3.3 Price Unfairness and the Nature of the Self-Threats

The perspective put forth in the current model, that price differentials may convey self-threatening information that subsequently influences fairness judgments, raises the issue of what aspects of the self may be threatened by price differentials (i.e., what is the nature of the self-threatening inferences that consumers are likely to make). In considering this issue it is helpful to turn to the expansive literature on the self, which highlights two central and distinct aspects of

the self (personal identity and relational value), both of which I believe may be threatened by price discrepant situations.

2.3.3.1 Aspects of the Self – Personal Identity and Relational Value

The expansive literature on the self generally supports the basic tenet that the self is a multidimensional, multifaceted dynamic structure that is composed of diverse self representations, roles, social identities and goals (Markus and Wurf 1987). In fact, although early research on the self commonly referred to the general self-concept, more recent research highlights the importance of disentangling the different levels and facets of the self-concept (e.g., Brewer and Gardner 1996; Markus and Wurf 1987; McConnell 2011; Rosenberg et al. 1995). Rosenberg et al. (1995) actually notes that perhaps one of the reasons that global self-esteem has not proven to be as strong a predictor of behaviours as expected is because it fails to recognize the multifaceted nature of the self. That is, global self-esteem treats the self as a totality. In contrast, specific self-esteem (e.g., achievement self-esteem), recognizes the more complex nature of the self (Rosenberg et al. 1995).

Efforts to develop a more nuanced understanding of the self, have led to a vast body of "self-related" research that actually varies quite extensively in its specific treatment of the self-concept. A common thread, however, unites this work in this work consistently recognizes one's personal self and one's social self as distinct and important aspects of the self-concept (e.g., Brewer and Gardner 1996; Hogg 2003; Tajfel and Turner 1986). The personal self is very generally understood to be the part of the self-concept that makes one distinct from others (e.g., one's values and personal attributes) (Brewer and Gardner 1996). More specifically, it has been

referred to as "the experienced self, or that aspect of the self that provides a sense of personal continuity" and, as such, encapsulates one's desire for achievement, mastery, competence and conscience (Skitka 2003, 288; Mayer et al. 2009; James1890). In contrast, the social self is generally understood as the part of the self-concept that pertains to one's relations with others (Brewer and Gardner 1996). The social self has been examined more specifically in terms of one's social self vis-à-vis group memberships (i.e., social and/or collective identity: Brewer and Gardner 1996) and one's social self in dyadic, interpersonal relationships (relational identity: Brewer and Gardner 1996) but, at its most general level it captures an individual's desire for connectedness to others and a sense of both acceptance and belonging (Leary 1995 et al.; Brewer and Gardner 1996). Leary et al. (1995), whose terminology I adopt in this dissertation, refers to this general desire to be deemed worthy as a social object as an innate and fundamental concern for one's relational value.

Research on specific self-esteem similarly acknowledges the personal and the social self as distinct and important aspects of the self-concept (Heatherton and Polivy 1992; Tafarodi and Swann 1991). For instance, Heatherton and Polivy (1991), in developing a measure of state self-esteem, identify performance and social factors as two correlated, yet independent, aspects of state self-esteem. The items used to capture performance state self-esteem (e.g., I feel as smart as others) tap into issues of achievement and competence, and so can be seen as pertaining to one's personal identity. The items for social state self-esteem (e.g., I feel that others respect and admire me), however, clearly correspond to relational value concerns. Along similar lines, and further reinforcing the importance and independence of these two aspects of the self-concept, a stream of

work by Tafarodi and colleagues demonstrates, both conceptually and empirically, that global self-esteem consists of two distinct dimensions – self-liking and self-competence (Bosson and Swann 1999; Tafarodi and Swann 1995; Tafarodi and Milne 2002; Tafarodi, Marshall and Milne 2003). Generally speaking, the former is said to concern one's valuation of self as a social object, and so maps onto the relational value aspect of the self discussed earlier. The latter, in contrast, is said to concern one's sense of efficacy, power and goal realization and so maps on closely to the personal identity aspect of the self-concept discussed earlier. Evident here is that, despite variations in the literature with regards to specific treatments of the self, the personal and the social self, or what I refer to as one's personal identity and one's perceived relational value, are consistently noted as important and distinct aspects of the self.

Integrating this work into the price fairness paradigm, I argue that price differentials may at times convey threatening information about each of these aspects of the self. With regards to relational value threats, drawing on the relational model of authority and existing perspectives on interactional justice, I expect that under certain circumstances consumers will infer that their undeservedly high price (relative to some referent standard) is indicative of low social worth. With regards to personal identity threat, I argue that, under certain circumstances, an undeservedly high price may contradict notions of the consumer as a *competent* individual. I now turn to discuss these arguments in more detail, developing specific predictions about the conditions under which undeserved price differentials are likely to convey such self-threatening information and the subsequent effect on unfairness perceptions. I focus first on relational value threats and then turn my attention to personal identity threats.

2.3.4 Price Differentials and Relational Value Threat

Relational value, as noted in the previous section, is widely recognized as an important aspect of the self that is shaped by individuals' group memberships, social roles within those groups, and, more generally, assessments of standing vis-à-vis others (e.g., Leary 2001; Tajfel 2010). Individuals are generally motivated to be valued, respected, and accepted by others (Baumeister and Leary 1995; Leary 2001; Tyler and Lind 1992), needing "to feel a satisfying and coherent involvement with the social world" (Deci and Ryan 1991, 243). As such, individuals monitor their environment to assess whether they are valued by their relational partners, to understand their social standing and, more generally, to determine their social worth. These interpersonal assessments shape their perceptions of relational value. Any information suggesting low relational value is extremely aversive and activates defensive processes to protect, maintain and enhance one's perceived social worth (Deci and Ryan 2000; Leary 2001).

In the context of price comparisons, I argue that paying a price that undeservedly deviates from the referent standard may, in certain cases, be interpreted by the consumer as a sign that they are not a valued relational partner of the salesperson. In other words, like violations of procedural and interactional injustices, I argue that undeserved price differentials may be taken as evidence of low social worth, thus threatening the consumer's sense of self as a valued and respected individual (i.e., conveying a relational value threat). This is particularly interesting when taken into consideration with previous work on the uncertainty model of justice, which demonstrates that threat exacerbates unfairness (van den Bos and Lind 2002). Specifically, it suggests that relational value threat, as one particular type of self-threat that may be conveyed via

price differentials, partially mediates the effect of undeserved price differentials on perceived unfairness.

It is important to note that this general prediction is expected to hold in both unfavorable and favorable advantageously and disadvantageously price differentials. Specifically, irrespective of the favorability of the material outcome (i.e., whether one pays more or less than the referent standard), I expect that a key mediating mechanism in explaining the unfairness of undeserved price differentials are the inferences that consumers make about their relational value. Notably, however, such differentials likely vary in the extent to which they naturally convey self-threatening information. Specifically, the upward comparisons inherent in unfavorable differentials make it such that these inequities are much more likely to convey self-threatening information than favorable ones, which involve downward price comparisons. As such, to develop specific predictions about the relationship between relational value threat and fairness judgments, I focus on unfavorable price differentials.

2.3.4.1 Relational Value Threat and Seller Intentionality

The previous section advances one of the central, overarching predictions of the current model - that relational value threats partially mediate the relationship between inequitable price comparisons and unfairness judgments. Implicit here is the idea that, while price differentials may, in and of themselves, lead to perceived unfairness because they violate deservingness certain exchange factors may exacerbate unfairness by increasing the likelihood that consumers' will form self-threatening inferences about their relational value based on the violation. I suggest

that such inferences are most likely when consumers believe the seller *deliberately* charged more than the referent standard (i.e., an intentional deservingness violation).

Elements of intentionality, such as attributions of responsibility and blame have received much attention in the justice literature (Campbell 1999; Mikula 2003; Folger and Cropanzano 2001; Vaidyanathan and Aggarwal 2003). The overwhelming perspective is that responsibility is a crucial to fairness. Folger and Cropanzano's (2001) Fairness Theory, for example, states that accountability is necessary for unfairness: "if no one is to blame, there is no social injustice" (1). Mikula (2003) similarly argues that injustice, by definition, implies responsibility. Yet theories such as equity theory or TUT include no role for such considerations. The current model provides some reconciliation here by suggesting that deservingness and intentionality interact to influence fairness. Specifically, the current model predicts that deservingness violations are sufficient to inspire perceptions of unfairness (contrary to the suggestions described in organizational psychology), but that perceived seller intentionality exacerbates unfairness because of the threat it poses to consumers' relational value. Existing research that examines elements of intentionality makes it difficult to assess this possibility. Research by Vaidyanathan and Aggarwal (2003), for example, showed that the unfairness of a cost-based price increase was reduced when the seller was not responsible for the cost increase (which the current work would suggest occurs because such an increase would be relatively less threatening). Nevertheless, it was not clear whether such increases were fair per se, as necessary controls were not present (i.e., no price change). Such comparisons were not relevant to the contribution of that work, but they are meaningful in the current work where the model makes predictions that diverge from existing

frameworks.

Overall, I suggest that perceived seller intentionality can increase the unfairness of otherwise equivalent price differentials due to the additional threat to consumers' relational value. The logic here is that, when a price discrepancy is the result of deliberate actions taken by the seller, the disadvantaged consumer will be more likely to view the price discrepancy as an indication that the seller does not sufficiently value them as a customer (i.e., a relational value threat). In contrast, when the firm's actions are inadvertent, the consumer is unlikely to infer that their price is a reflection of the firm's opinion of them. Notably, in the latter case, I still expect consumers to perceive the situation as somewhat unfair, though less so than when the price discrepancy is deliberate. The logic here is that consumers, in the absence of information to the contrary, believe that they are deserving of the referent price (Adams 1965; Wagstaff 1994). Paying more than a referent standard then, regardless of intention, violates one's deservingness and so is likely to be deemed more unfair than paying the referent price. More formally:

H1a: As perceptions of seller intentionality increase, the effect of unfavorable price differentials on perceptions of unfairness will increase.

H1b: The moderating effect of seller intentionality will be mediated by perceived relational value threat (inferences of low relational value)

H2a: Unfavorable price differentials not considered an intentional act of the seller will also be considered unfair.

H2b: The effect of unintentional, unfavorable price differentials on unfairness will be

mediated by perceptions of deservingness violation.

It is important to note that, in most cases, I expect that perceptions of deliberateness are intrinsic to the fairness judgment (Folger and Cropanzano 2001); that is, that consumers naturally assume the seller intentionally charged them more than the reference even in the absence of specific information to that effect. This expectation is based on well-established work demonstrating that individuals tend to attribute actions to the actor rather than external causes (Forgas 1998; Gilbert and Malone 1995; Ross 1977). In the context of pricing, this work suggests that whatever sellers charge, the act of setting that price is assumed to be an intentional, controllable action of the firm. When the price violates what consumers believe they deserve then, consumers should assume that the seller deliberately violated their deservingness; something that is likely to convey a distinct lack of respect and value. As such, *unless* specific information to the contrary is available, I expect that consumers are likely to assume that the price is the result of an intentional action by the firm, and consequently infer low relational value. I examine this idea in the preliminary study by comparing disadvantageous price comparisons that contain no explanatory information – a context that is probably most representative of the kind of information consumers actually possess, and one where it seems likely that consumers will naturally infer a deliberate attempt to take advantage – to a comparable situation in which information is provided that suggests the price violation was not deliberate. I expect consumers to perceive greater seller intentionality when no information is provided (vs. a situation where the price differential is attributed to seller error) thus exacerbating unfairness via

relational value threat.

2.3.4.2 Relational Value Threat and Relationship Importance

Based on the expectation that most price differentials will be naturally attributed to deliberate seller actions, it is important to consider additional exchange factors that may vary the relational value threat conveyed via price differentials. I believe that one such factor is the nature of the relationship between the consumer and the seller.

The value and emotional significance that consumers attach to relationships vary (Leary 2001; Tajfel 2010). For instance, individuals perceive their relationships with friends as more valuable and emotionally significant than their relationships with strangers. As such, they are likely more influenced by assessments of social worth (e.g., belonging, acceptance, social standing) in these types of relationships (Wood and Forest 2010). Consistent with this, the sociometer theory indicates that, although individuals are sensitive to interpersonal rejection by strangers or even undesirable groups (Gonsalkorale and Williams 2007), they are more sensitive to interpersonal signs of low or declining relational value by those with whom they value the relationship (Leary et al. 1995). Drawing on this work, I expect price comparisons that threaten one's relational value (i.e., deliberate disadvantageous inequities) to be deemed more unfair when the consumer values the threatened relationship. In such cases, consumers should be particularly sensitive to relational value threats because the relationship is more meaningful and so any signs of low social worth are extremely aversive (Leary 2001).

Consideration for the role of relationship importance in shaping fairness judgments from the perspective of relational self-construal accessibility leads to similar predictions. Relational

self-construal refers to the sense of self that is derived specifically "from connections and role relationships with significant others" (Brewer and Gardner 1996, 84). In a sense, it is the aspect of the social self that is defined in terms of our close interpersonal relationships (Cross, Bacon and Morris 2000). As such, high relational self-construal accessibility tends to lead to an emphasis on developing, nurturing and affirming these relationships (Gelfand et al. 2006). In other words, a central goal is to build relational capital in dyadic relationships with significant others. Relational self-construal accessibility is argued to vary depending on both individual differences and situational factors. One situational factor that is expected to enhance the temporary accessibility of relational self-construal is engaging in an exchange with close others (e.g., friends) (Gelfand et al. 2006). This thus suggests another potential reason why price discrepancies with valued others may be threatening. Specifically, while engaging in an exchange with a valued other is likely to increase consumers' relational self-construal accessibility, being overcharged by that friend (relative to a referent standard) is likely to suggest that this friend is *not* focused on building relational capital to the same extent (i.e., lower relational self-construal accessibility). In other words, it suggests an asymmetry in relational self-construal accessibility. It seems likely that this incongruency, and more specifically finding out that a friend is relatively *less* focused on nurturing and affirming the relationship, is somewhat threatening and so, from the current perspective, likely to be deemed particularly unfair. In contrast, engaging in an exchange with a stranger is less likely to strengthen relational self-construal accessibility and so less likely to reveal a threatening asymmetry in relational goals.

As such, both of these perspectives similarly suggest that undeserved disadvantageous

price inequities that are allocated by valued relational partners will lead to more threatening inferences about relational value. Given the central premise of the current work, I thus expect relationship importance to exacerbate the perceived unfairness of undeserved disadvantageous price inequities. Specifically, I predict:

H3a: As relationship importance increases, the effect of unfavorable price differentials on perceptions of unfairness will increase.

H3b: The moderating effect of relationship importance will be mediated by relational value threat.

Until now, I have discussed threat as an important basis for price fairness judgments, and more specifically looked at threats to relational value as one particular aspect of the self that may be threatened by price differentials. Central to this discussion was the role of seller intentionality. Specifically, I argued that undeserved disadvantageous price differentials would be deemed unfair to the extent that they were attributed to deliberate actions taken by the seller because of the enhanced threat to relational value. I argued further that such differentials would be particularly threatening to consumers' perceived social worth to the extent that they valued their relationship with the seller. In contrast, inadvertent price inequities are not expected to convey meaningful information about the self. In such cases, fairness judgments are expected to simply reflect the deservingness violation associated with paying more than the referent standard, as per equity theory.

2.3.5 Price Differentials and Personal Identity Threat.

In addition to relational value threat, I also expect that personal identity threat partially mediates the effect of price differentials on price fairness perceptions. As such, I now turn to consider the role of personal identity threats, and specifically feelings of incompetence, in shaping consumers' perceptions of price unfairness. In particular, I first discuss personal identity more generally as an important aspect of the self-concept and then turn to develop specific predictions about the conditions under which undeserved price differentials are likely to convey threaten this particular aspect of the self.

Personal identity, as noted earlier, is the aspect of the self that concerns itself with the achievement of individualized goals rather than more socially-oriented goals such as acceptance and belongingness (Hewitt 1997). It is an enduring, values-based aspect of the identity that is shaped by both one's goals for personal growth and one's perceived ability to achieve such goals (Gecas 2000; Haslam 2000; Skitka 2003). Individuals want to believe that they are capable and competent; that they are able to uphold their values, preserve their sense of moral authenticity and achieve personal growth (Gecas 2000; Hitlin 2003; Skitka 2003). Such goals may be understood as a desire for self-actualization oriented towards conscience and achievement (Skitka 2003; Mayer et al. 2009). With regards to the former, individuals seek to protect and enhance their personal identity by upholding their core values and abiding by a sense of moral consciousness (Hitlin 2003; Skitka 2003). With regards to the latter, individuals are motivated to "preserve a competent sense of self" (Aronson 1992, 305) and to "experience effectance" (Deci and Ryan 1991, 243). As such, their personal identity is shaped by assessments of personal

achievement, mastery and competence (Skitka 2003, 288; Mayer et al. 2009; James1890). As with information that threatens one's socially-oriented goals, information suggesting that one has failed to achieve these autonomous goals is also deemed extremely aversive and triggers defensiveness (Deci and Ryan 2000).

In the context of price comparisons, I argue that paying a price that undeservedly deviates from the referent standard may, in certain cases, may be interpreted as an indication of underachievement or incompetence. For instance, consumers may infer that they are foolish or naïve because they paid a relatively high price. Or, they may feel as though they lacked the necessary knowledge to receive the price that they deserved. In other words, price differentials may threaten one's personal identity by triggering inferences of incompetence. I expect such threats to contribute to experienced unfairness in much the same way that relational value threats do. That is, I believe that personal identity threat partially mediates the effect of undeserved price differentials on perceived unfairness. As before, while disadvantageous inequities are inherently more likely to convey threatening information, this general prediction is expected to hold across both disadvantageous and advantageous inequities.

2.3.5.1 Personal Identity Threat and Attributions of Self-Blame

The previous section advances another central component of the current model. Specifically, it suggests that personal identity threat, in addition to relational value threat, partially mediates the relationship between price differentials and perceived unfairness judgments. Building from this overarching argument, I now turn to develop specific predictions about the conditions under which price differentials are likely to convey such threat. In

particular, I suggest price differentials are likely to threaten consumers' personal identity to the extent that consumers feel at least partially responsible for the deservingness violation (i.e., for paying more than the referent standard). The logic here is that such attributions of self-blame inspire inferences of incompetence, thus posing a personal identity threat.

As noted earlier, elements of intentionality have received much attention in the justice literature. This work, however, tends to emphasize the role of other-oriented blame (i.e., situations where the seller/allocator is held responsible or blamed for the inequity: e.g., Folger and Cropanzano 2001; Mikula 2003; Vaidyanathan and Aggarwal 2003). However, it seems that consumers may also, at least in part, blame themselves for paying a relatively high price. For instance, consumers may believe they were foolish or naïve for allowing themselves to be taken advantage of; they may believe they should have known better; or they may simply assume it was their responsibility, as a buyer, to be aware. In fact, I expect that consumers naturally assume at least some blame for receiving undeserved outcomes, and that this exacerbates unfairness because of the threat to personal identity. The rationale for why such attributions of self-blame convey self-threatening information is based on Deci and Ryan's (2000) work showing that individuals are more likely to perceive an event as an indicator of self-competence and/or personal achievement when they feel that they caused the event. As such, when a consumer believes that they are at least partially to blame for their undeservedly high price (i.e., they played some role in facilitating the price differential), the price that they pay is more likely to be viewed as an indication of incompetence, and so threatening to their personal identity.

It is critical to point out that the situations referred to above (i.e., *undeserved* disadvantageous price inequities) are importantly different than those in which the consumer accepts responsibility for, and so believes they are deserving of, the disadvantageous outcome. In the latter cases, the disadvantageous outcome is likely deemed an appropriate reflection of the consumers' inputs and so the disadvantageous outcome is likely to be deemed fair for that reason (i.e., there is no deservingness violation because their outcome corresponds to their inputs). These situations are consistent with work showing that consumers deem relatively high prices less unfair when they take some responsibility for setting the price (e.g., auctions: Haws and Bearden 2006; Suter and Hardesty 2005). I am referring, instead, to situations where consumers perceive their outcome not to reflect what they deserve, but where they nevertheless take some responsibility for the situation occurring. That is, situations in which consumers blame the seller for an *undeservedly* high price and yet, at the same time, attribute some blame to themselves for having made the decision to make the purchase in the first place (i.e., undeserved disadvantageous price differentials). I argue that in these instances, where consumers attribute some element of a deservingness violation to their own doing, consumers will feel foolish, incompetent or naïve for allowing themselves to be taken advantage of (i.e., believe they should have known better). As such, I argue that when consumers feel at least somewhat to blame for paying an undeservedly high, the price differential will constitute a threat to their personal identity and, consequently, be deemed particularly unfair.

H4a: As perceptions of self-blame increase, the effect of undeserved price differentials on perceptions of unfairness will increase.

H4b: The moderating effect of self-blame will be mediated by personal identity threat.

2.4 Price Unfairness and Self-Affirmations

Up until this point the discussion has centered on the role of threat in shaping perceptions of unfairness. This initial focus on threat stemmed naturally from the desire to identify an overarching construct that could be integrated with existing work to explain the great variations in price unfairness noted in the extant marketing literature. Notably, however, this emphasis on threat was shaped by the literature's predominant emphasis on unfavorable price differentials. Such differentials necessarily involve upward comparisons and so naturally lend themselves towards conveying self-threatening information. The result is that, to date, I have all but exclusively focused on the role of self-relevant information in determining the perceived unfairness of undeserved *disadvantageous* inequities. This approach, however, neglects to consider how the current model's central idea (i.e., that price differentials can convey self-relevant information that subsequently affects price fairness perceptions) has implications for understanding perceptions of price unfairness in *advantageously* inequitable situations. I now turn to consider advantageously differentials in more detail. Specifically, I begin with a review of the extant literature and then examine the implications of the current ideas for our understanding of price fairness perceptions in such contexts. With regards to the latter, I argue that advantageous price differentials may similarly convey self-relevant information that has a

corresponding impact on unfairness perceptions, but, in this case, the information is likely to be self-affirming in nature.

2.4.1 Advantageous Price Differentials and the Self

Advantageous inequities have received considerably less attention in the marketing literature, as well as in the larger body of organizational justice literature, than disadvantageous inequities. Yet, some have argued that such situations are inherently interesting and worthy of further examination because, to the extent that an advantageous outcome is not attributable to a relevant difference in inputs and outcomes, they involve a conflict between self-interest and what is objectively fair (van den Bos et al. 2006). The work that has examined this form of inequity finds that, like disadvantageous inequities, advantageous inequities vary a great deal in the extent to which they are deemed unfair (e.g., Varki, Miller and Banerjee 2008; van den Bos et al. 2006; Xia and Monroe 2010). For instance, Varki, Miller and Banerjee (2008) find that price decreases that appear to occur at the expense of the firm's employees are deemed more unfair than those that do not. Additional work suggests that the perceived unfairness of advantageously inequitable prices varies depending both on whether the referent standard is another consumer, a competitor's price or the price at a previous point in time (Xia and Monroe 2010) and on whether the focal individual has the cognitive resources available to address fairness concerns (van den Bos et al. 2006).

Evident across this work is that we also lack a clear understanding of when, and to what extent, advantageously inequitable situations are likely to be deemed unfair. Notably, this uncertainty about the nature of the relationship between perceived unfairness and advantageous

inequity is reinforced by the two dominant theories of fairness. Specifically, recalling the earlier discussion on equity theory and transaction utility theory, we can see that the theories actually make divergent predictions regarding advantageously inequitable outcomes. Equity theory, on the one hand, suggests that there is only one point at which an exchange is fair – when the outcome to input ratios of the consumer and the referent standard are equal. Any inequity, whether advantageous or disadvantageous, is expected to be viewed as unfair in that deservingness is violated (i.e., individuals have not received their deserved outcome) (Adams 1965). While this work argues that disadvantageous inequities will be more unfair than advantageous inequities because they involve unfavorable material outcomes (Adams 1965), it nevertheless suggests that any form of inequity will be more unfair than equity. Transaction utility theory, on the other hand, suggests that a situation will be deemed unfair when the selling price exceeds the referent price, but that prices equal to or less than the referent price will be deemed fair (Thaler 1985). In other words, in contrast to equity theory which suggests that both advantageous and disadvantageous inequities are unfair, transaction utility theory suggests that only disadvantageously inequitable price comparisons will be deemed unfair.

The ideas developed in the current work provide some reconciliation here in that they suggest that an important determinant of price fairness judgments, whether in the context of disadvantageous or advantageous price differentials, are the inferences that consumer make about *why* the deservingness violation occurred. In the case of disadvantageous price differentials, as discussed earlier, I expect such inferences to be primarily threatening in nature and to have a corresponding exacerbating effect on unfairness. In the case of advantageous price differentials,

however, I expect such inferences to be primarily self-affirming in nature because such situations inherently involve downward comparisons (i.e., paying less than the referent standard). The logic in terms of how the self-relevant information affects fairness judgments, however, remains the same across both contexts. That is, in both cases the nature of the self-relevant information is expected to have a corresponding impact on fairness judgments. What this means for our understanding of advantageous differentials is that exchange factors that enhance the extent to which such price differentials convey self-affirming (threatening) information are expected to mitigate (exacerbate) unfairness. In other words, I propose that advantageous price differentials may convey self-relevant information about important aspects of the self-concept that subsequently has a corresponding impact on consumers' price fairness judgments.

Based on the inherent downward comparisons associated with advantageous price differentials, I now turn to develop specific predictions about the conditions under which such price differentials are likely to convey affirming information about important aspects of the self-concept. Specifically, I examine seller intentionality as one particular exchange factor that is expected to influence the perceived fairness of advantageous differentials via its positive influence on perceptions of relational value

2.4.2 Relational Value Affirmation and Seller Intentionality

In this section, I examine the idea put forth previously that advantageous price differentials, like disadvantageous ones, can convey self-relevant information to the consumer that has a subsequent impact on fairness judgments. I focus specifically on their capacity to affect consumers' inferences about relational value.

As with disadvantageous price differentials, I argue that the extent to which advantageous differentials convey relevant information about consumers' relational value depends on the perceived deliberateness of sellers' actions. In the case of advantageous price inequities, however, I expect attributions of seller deliberateness to mitigate perceived unfairness. The logic here is similar to what is described in Section 2.4.1 - that consumers should be more likely to view price discrepancies as an indication of whether the seller values them as a customer when the inequities are believed to be the result of deliberate seller actions. However, in contrast to the self-threatening information conveyed via disadvantageous price comparisons, deliberate advantageous price comparisons are expected to convey self-affirming information because such situations involve paying *less* than the referent standard. More specifically, I expect advantaged consumers to view deliberate price inequities as an indication that the seller values the relationship (i.e., an indication of high relational value), thus mitigating perceptions of unfairness. In contrast, when the inequity is inadvertent (e.g., the price discrepancy is the result of seller error), the advantaged consumer should be less likely to infer that their price is a reflection of the firm's opinion of them. In such cases, the inequity is less self-affirming and so should be deemed relatively more unfair than an inequity attributed to deliberate seller actions.

H5a: As perceptions of seller intentionality increase, the effect of favorable price differentials on perceptions of unfairness will decrease.

H5b: The moderating effect of seller intentionality will be mediated by perceived relational value.

2.5 Why Does Threat Influence Fairness Judgments?

In developing hypotheses 1-5, I have drawn on the extant literature in organizational and social psychology, and in marketing. The overarching argument is that the self-relevant information conveyed via price differentials contributes to experienced unfairness. Specifically, I argue that undeserved price differentials, as a form of distributive injustice, may convey meaningful information about consumers' personal identity and/or relational value that subsequently influences perceptions of price unfairness. In H1-4, I focus on the relationship between *self-threats* and fairness judgments, arguing that self-threat is an important basis of price fairness perceptions and identifying exchange factors that are expected to exacerbate the perceived unfairness of price differentials by enhancing perceived self-threat. In H5, I focus on the relationship between *self-affirmations* and fairness judgments by extending the basic idea that the self-relevant inferences that consumers make about why deservingness was violated are important to price fairness judgments. Specifically, I identify beliefs about the deliberateness of sellers' actions as an important exchange factor that should reduce the perceived unfairness of favorable price differentials by conveying self-affirming information about social worth.

This discussion, which highlights the idea that prices can be threatening to consumers, raises the corresponding issue of why threat might contribute to price fairness perceptions. This question is critical to developing a complete understanding of the relationship between threat and fairness and so I now turn to examine it in more detail. It is a particularly intriguing question because, at first glance, the notion that prices can be threatening to consumers seems somewhat

unlikely. Prices are offered to consumers by firms, presumably based on an appropriate analysis of costs and demand, with no obligation for consumers to purchase. In other words, prices should provide little information other than what a firm thinks is a profit-maximizing price. Further, mainstream theories of fairness, such as equity theory and TUT, include no role for consumer threat. According to equity theory, for example, fairness is simply a question of whether one's outcome to input ratio is the same as some pertinent comparison. The import of fairness judgments from these perspectives comes largely from the extent to which outcomes received match the outcomes consumers believe they should get (i.e., those deserved) (Wagstaff 1994). The self-threatening inferences that consumers might make about why a deserved outcome was not received are considered immaterial. In contrast, the current work argues that such inferences are central to price fairness judgments.

The organizational psychology literature is similarly unhelpful in explaining why threat is important to price fairness perceptions. Specifically, although this stream of research highlights that threat is important to procedural and interactional justice, it provides little guidance as to *why* this is the case. One exception to this is Miller's (2001) work, which argues that individuals have a fundamental right to be treated with respect and, as such, any disrespectful treatment is unfair because it violates that right, as such, that disrespectful treatment is by definition unfair in that it violates that right. This work presents one possibility for why *relational value threat* may influence fairness judgments. That is, from this perspective, inequitable price comparisons that threaten relational value can be interpreted as a form of disrespectful treatment, thus violating one's fundamental entitlement to be treated with respect. As such, inequitable price comparisons

that threaten relational value may be deemed particularly unfair is because such situations violate not only material deservingness (i.e., one's deservingness to pay the referent standard) but also one's treatment deservingness (i.e., one's deservingness to be treated with respect).

The logic outlined above, however, does not explain why price comparisons that threaten *personal* identity are deemed more unfair. Feeling incompetent for paying an unnecessarily high price, for instance, does not suggest a violation of one's right to be treated with respect. The theories of distributive justice that are commonly used to understand price fairness perceptions do not shed any light on why such inferences might influence fairness either. In fact, the dominant theories of fairness discussed earlier suggest that *neither* personal identity nor relational value information should influence fairness perceptions. For instance, whether the situation has implications for consumers' perceived social worth or self-competence has no bearing on deservingness assessments as determined by equity theory (i.e., inputs and outcomes are unaffected) or transaction utility theory (actual price and reference price remain unchanged).

Taken together, this discussion highlights how the dominant approaches to understanding fairness judgments offer no comprehensive explanation for why identity threats and affirmations, *both* in terms of relational value and personal identity, might influence fairness judgments. To examine this issue I draw on the affect-as-information model of consumer judgment. In contrast to the more cognitive frameworks that dominate the fairness literature (i.e. fairness judgments as the result of some form of calculus whereby consumers calculate what they deserve based on a given referent standard), this more affect-oriented approach is useful in examining why identity threats and affirmations may be an important basis for consumers' price fairness judgments.

Specifically, it suggests that one reason why identity-threatening (identity-affirming) price comparisons might be deemed more (less) unfair is because they result in particularly intense negative (positive) affect, which is then used by consumers to inform their fairness judgments. I now discuss the affect-as-information model and develop specific predictions about the role of affect in explaining why identity-relevant information is an important basis for fairness judgments.

2.5.1 The Affect-as-Information Model of Consumer Judgment

The affect-as-information model of consumer judgment and decision-making seems particularly relevant to understanding why threat may contribute to price fairness perceptions. Specifically, it finds that individuals rely on their feelings to inform their evaluative judgments (Schwartz and Clore 1996). More specifically, it suggests that under certain circumstances individuals use affect as an informational input such that positive feelings are taken as evidence of liking and satisfaction and, conversely, negative feelings as evidence of disliking and dissatisfaction. Such inferences have been labeled the "how-do-I–feel about it" (HDIF) heuristic (Pham 2008; Schwartz and Clore 1988).

The affect-as-information model of consumer judgment finds that individuals are particularly likely to rely on the HDIF heuristic under certain circumstances. Specifically, they are likely to consult their feelings to inform their judgments when their feelings are both accessible and viewed as diagnostic of the judgment at hand. With regards to the former, feelings are said to be relatively accessible when they are salient, intense and/or when other informational inputs (e.g., cognitions) are hindered or limited (Cohen, Pham and Andrade 2008; Pham 2008).

With regards to the latter, feelings are said to be diagnostic when they are deemed representative (i.e., as stemming from the target), relevant (i.e., as germane to the judgment being made), high in predictive validity (i.e., as predictive of the judgment) and high in convergent validity (i.e., as convergent with any available cognitive information) (Pham 2008). Notably, the extant literature actually demonstrates that feelings are typically assumed to be representative of the target except in cases where there is explicit information to the contrary (Schwarz 1990). It is also worth pointing out that the diagnosticity and accessibility of feelings may be importantly related in that "a highly accessible input can be perceived subjectively as more diagnostic" (Pham 2008, 171). That is, feelings that are readily accessible are more likely to be interpreted as being representative, relevant and high in predictive validity.

The HDIF heuristic has been shown to influence a wide variety of judgments and behaviours including product evaluations (e.g., Miniard, Bhatia and Sirdeshmukh 1992), offers in negotiations (e.g., Stephen and Pham 2008), perceived life satisfaction (Schwarz 1990), purchase decisions (e.g., Wood and Bettman 2007) and, particularly relevant to the current work, fairness judgments (e.g., Campbell 2007; van den Bos 2003). I now turn to discuss the affect-as-information model more specifically in terms of how it relates to fairness.

2.5.2 Affect-as-Information and Fairness Judgments

The affect-as-information model of consumer judgment has recently drawn the attention of fairness researchers. For instance, both Mullen (2007) and Barsky, Kaplan and Beal (2011) draw on the affect-as-information model of consumer judgment to conceptually argue that individuals may consult their feelings to form fairness judgments in much the same way as they

do to form other types of evaluative judgments. That is, they argue that one's moods and emotions likely play an important role in shaping fairness judgments. The notion that individuals may rely on their feelings to inform their fairness judgment is intuitively appealing given that such judgments, as with other types of moral judgment, are often nebulous in nature. This is perhaps best illustrated by the vast array of research dedicated to understanding how individuals assess fairness across different types of situations (e.g., Folger and Cropanzano 2001; Vaidyanathan and Aggarwal 2003; van den Bos and Lind 2002). Evident in this work is that individuals do not often rely on objective criteria to form their fairness judgments. This lack of clarity in the formation of fairness judgments leaves open the possibility that individuals may treat various sources of information, including the feelings triggered by the deservingness violation, as diagnostic of the situation.

Recent empirical work supports the central idea that consumers may consult their feelings to inform their fairness judgments. Barsky and Kaplan (2007), for instance, find in a meta-analysis that both state and trait affect are positively correlated with fairness judgments. Experiments conducted by van den Bos (2003) and Campbell (2007) similarly indicate that feelings influence fairness judgments. Notably, these experimental studies also offer empirical evidence for the idea that a central mechanism underlying this effect is that of affect being used as an informational input. They do so by demonstrating that individuals are more likely to rely on affect to inform their fairness judgments when cognitive resources are limited (e.g., outcome or procedural information is unavailable or ambiguous: van den Bos 2003) or depleted (e.g., cognitive resources are required for another task: Campbell (2007). In other words, they

demonstrate that consumers are more likely to use their feelings as a source of information when they are relatively accessible vis-à-vis other informational inputs (e.g., cognitions) (Campbell 2007; van den Bos 2003), which is a central premise of the affect-as-information model of consumer judgment.

Taken together these studies provide some initial evidence that affect influences fairness judgments, that the process by which this occurs is via affect-as-information and, more generally, that the basic tenets of the affect-as-information model of consumer judgment apply to fairness judgments. Building on the latter argument, it thus seems that, although existing work finds that affect influence fairness judgments when other bases for forming the judgment are limited (van den Bos 2003 ; Campbell 2007), individuals should also rely on affect to inform their fairness judgments when their feelings are intense. The logic here is that affective intensity makes feelings more accessible and thus more likely to be used as an informational input for evaluative judgments (Pham 2008). Highly accessible feelings are also more likely to be subjectively perceived as diagnostic of the judgment (Pham 2008), thus further enhancing the likelihood that intense affect will be used to inform fairness judgments.

That affective intensity is expected to increase the likelihood of consumers using affect to inform their fairness judgments is particularly relevant for the current work given that, according to cognitive appraisal theories of emotion, people tend to experience particularly intense emotions when *unexpected outcomes* have *identity-relevant* implications (Ben-Ze'ev 1996). I now turn to discuss this literature.

2.5.3 Affect-as-Information, Identity and Emotional Intensity

Cognitive appraisal theories of emotion posit that emotions occur when "an outcome or event does not conform to one's expectations or goals" (Cropanzano, Stein and Nadisic 2011, 64). It suggests that individuals appraise unexpected events and that the way in which they do so determines their emotional response, both in terms of the experienced emotion and its intensity (Lazarus and Folkman 1984; Lazarus 1991; Ortony, Clore and Collins 1988; Ellsworth and Scherer 2003). With regards to the latter, affect is said to be more intense when the focal event is appraised as self-important (Siemer, Gross and Mauss 2007), ego-involving (Lazarus 1991) and relevant to one's well-being or self-image (Ben-Ze'ev 1996; Ortony, Clore and Collins 1988). In other words, this work suggests that unexpected events conveying identity-threatening information will elicit particularly intense negative affective responses and those conveying identity-affirming information will elicit more intense positive affective responses.

This framework thus has important implications for understanding why identity-relevant information shapes fairness judgments. First, consider how inequitable price comparisons are essentially unexpected outcomes. In a sense, in the absence of differences in relevant inputs, we expect to and feel that we deserve to pay the referent price (Adams 1965; Kahneman, Knetsch and Thaler 1986a; Wagstaff 1994). Thus, inequitable price comparisons should trigger an affective response. Second, and perhaps more importantly, an application of this framework to inequitable price comparisons suggests that identity-threatening (affirming) price comparisons will lead to particularly intense negative (positive) affective response.

Taken together, the above discussion on affect-as-information and cognitive appraisal theories of emotion offers an understanding of why identity threats and self-affirmations may influence fairness judgments despite having no apparent influence on deservingness assessments. Specifically, it suggests that identity-threatening (identity-affirming) price comparisons elicit particularly intense negative (positive) affect, thus making consumers' feelings more accessible and so more likely to be used to inform evaluative judgments. With regards to fairness judgments more specifically, it suggests that one reason why identity-relevant price comparisons impact the overall experience of unfairness is because they trigger intense affect, the valence of which corresponds to the nature information (e.g., self-threatening results in negative affect), which is then used to inform the fairness judgments. Specifically, I predict that:

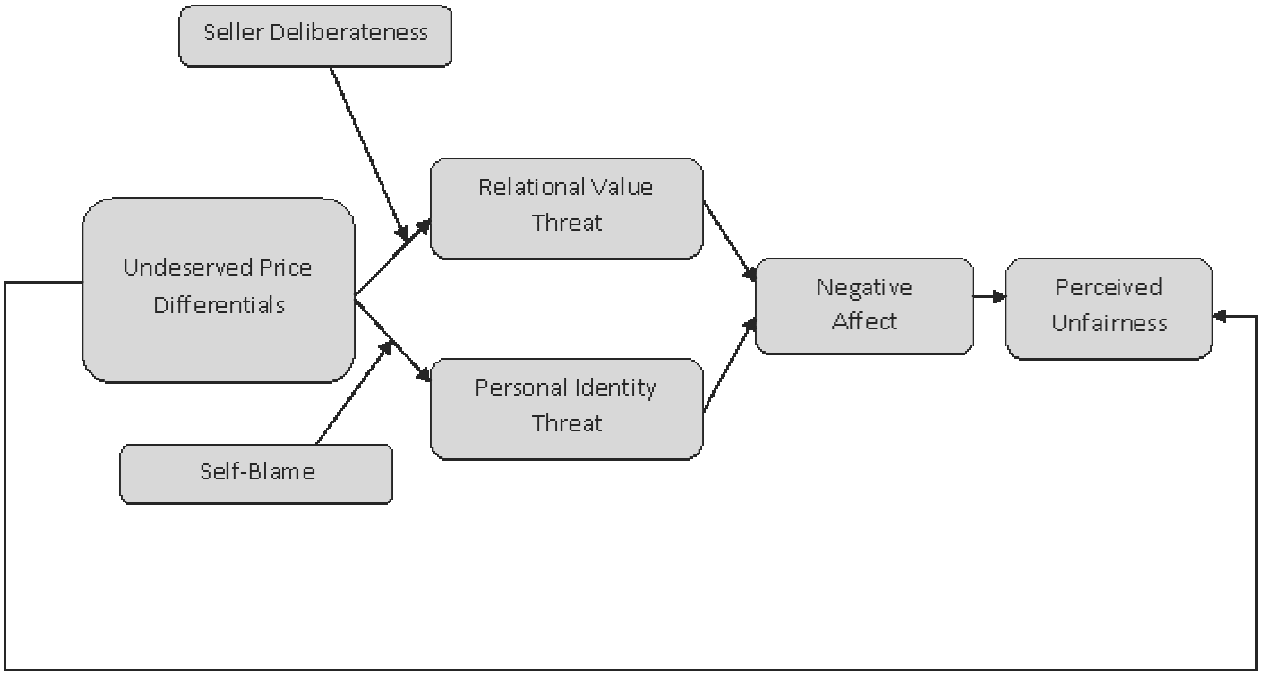
H6a: The effect of self-threatening information on the perceived unfairness of price differentials is mediated by negative affect.

H6b: The effect of self-affirming information on the perceived unfairness of price differentials is mediated by positive affect.

To date, I have developed several hypotheses that, together, aim to help explain the great variations in the perceived unfairness of price differentials. At the heart of these predictions is the central role that self-threat (self-affirmation), in terms of both relational value and personal identity, plays in shaping unfairness perceptions via its influence on experienced negative

(positive) affect. (See Figure 1 for the overarching Conceptual Framework). In the following Chapter, I turn to empirically test these predictions across several studies.

Figure 1: Conceptual Framework



Chapter 3

Studies – Experimental Design and Results

3.1 Overview of Studies

This dissertation consists of one preliminary study and six subsequent studies. The preliminary study and five of the full studies are experiments, each designed to test a specific aspect of the conceptual framework. The remaining study is a survey, which served as a more general test of the proposed mediating role of affect in explaining why unfair purchase situations that are threatening (affirming) are deemed more (less) unfair. It also helped to test the generalizability of the model.

The first experiment (Preliminary Study) served as an initial test of the idea that deservingness violations, in addition to the inferences that consumers make about *why* their deservingness was violated, are integral to price unfairness. It did so by first examining whether price differentials, in general, represent a violation of deservingness. That is, it tested the prediction that even inadvertent price differentials will be deemed significantly more unfair than price equities because they violate consumer deservingness (H2a,b). Importantly, it also tested the prediction that disadvantageous price differentials that are believed to be the result of deliberate seller actions will be deemed particularly unfair because they convey threatening information about one's relational value (H1a,b). As such, this preliminary study also served as general test of the overarching idea that relational value threat partially mediates the effect of inequitable price comparisons on perceived unfairness. Notably, in this initial study only, I also

measured consumer attitudes and repurchase intentions as important downstream effects that have been previously associated with perceptions of unfairness (e.g., Campbell 1999; Hermann et al. 2007; Oliver and Swan 1989).

In the first full study (Study 1), I examined whether the importance of the consumer's relationship with the seller enhanced relational value threat, thus enhancing perceived unfairness (H3a, b). As with the preliminary study, the overarching purpose was to examine whether factors of the exchange that enhance the extent to which violations of deservingness (i.e., price differential) lead to inferences of low relational value (i.e., a relational value threat) exacerbate perceived unfairness.

Study 2 examined the predicted effect of personal identity threat on perceived unfairness and also replicated the effect of relationship importance on perceived unfairness found in Study 1. It examined, more generally, whether deservingness violations in the form of unfavorable price differentials can convey both relational value threat and personal identity threat, and, as such, whether both of these types of self-threat are important bases of fairness judgments

Study 3 conceptually replicated the personal identity component of Study 2. Specifically, it directly manipulated self-blame and then examined whether self-blame had the predicted exacerbating influence on perceived unfairness via personal identity threat (H4a,b). Although it was designed to test a fairly specific set of relationships, like prior studies it also served to examine one of the more general ideas underlying the proposed framework – that exchange factors that enhance the extent to which a price inequity conveys self-threatening information (in

this case perceived incompetence, so personal identity threat) will exacerbate perceived unfairness.

Study 4 extended from previous studies to examine not only the role of self-relevant information conveyed via disadvantageous inequities but also that conveyed via advantageous inequities. Specifically, it examined the predicted opposing effects of seller deliberateness on the perceived unfairness of disadvantageous versus advantageous inequities. That is, it tested whether deliberate seller actions mitigated (exacerbated) the perceived unfairness of advantageous (disadvantageous) inequities by affirming (threatening) one's perceived relational value (H1a, H1b, H5a, H5b). Importantly, it also offered a more comprehensive test of the proposed model in that it examined the predicted sequential mediation between price differentials and unfairness perceptions via perceived relational value threat and, subsequently, affect (H6a, H6b).

Study 5 consisted of a survey that was completed by participants recruited from the general American population (recruited via ClearVoice). Its primary purpose was to further examine the predicted mediating role of affect in explaining why purchase situations that threaten (affirm) consumers' relational value *and/or* personal identity are deemed more (less) unfair (H6a, H6b). That is, it aimed to further explore the proposed path from threat to perceived unfairness via negative affect as presented in the current model. It also served to test the generalizability of the proposed conceptual framework to the general population (vs. students), to different types of purchases (e.g., large vs. small; goods vs. services, etc.) and different types of justice violations.

The final study, Study 6, also examined the predicted mediating role of affect in the proposed conceptual framework. However, whereas Study 4 and Study 5 find statistical support for the role of affect, Study 6 examined the role of affect by manipulating incidental affect in order to experimentally demonstrate the causal role of affect. Further, by varying whether participants had an opportunity to attribute the incidental affect, it tested whether the way in which affect influences the threat-unfairness relationships is by serving as an informational input (i.e., affect-as-information).

Before presenting the specific details of each study, it is important to consider how they relate to the broader conceptual framework. The preliminary study and the first three studies focus exclusively on establishing whether threat is importantly related to price fairness judgments. As such, they examine whether exchange factors that are expected to vary in the extent to which they lead disadvantageous price inequities to convey threatening information about either one's relational value and/or one's personal identity have a corresponding influence on unfairness perceptions. Having established that threat is importantly related to fairness, the final three studies expand to more comprehensively examine the model's proposed mediated path from undeserved price inequities to fairness judgments. More specifically, they extend from previous studies to both examine the proposed mediating role of affect in explaining why self-relevant inferences influence fairness judgments, and to examine whether these proposed relationships hold across both disadvantageous *and* advantageous price inequities. To focus on the role of affect, these later studies create *actual* deservingness violations (or, in the case of the survey, ask participants to recall purchase situations) rather than using scenarios as is done in the

preliminary study and Studies 1-3.Taken together, these studies offer a comprehensive examination of the proposed conceptual framework.

In what follows, I discuss each of these completed studies in detail and then, in the following chapter, take some time to discuss the theoretical and managerial implications associated with these results.

3.2 Preliminary Study

The overarching purpose of this initial study was to examine two of the core components of the proposed conceptual framework - that price inequities can convey self-threatening information about consumers' self-concept and that such inferences (in this case, inferences of low relational value) importantly influence consumers' overall experience of unfairness. It also examined one of the central elements underlying the framework, which is that price inequities represent a violation of deservingness, and so are deemed unfair. The more specific purpose of this initial study was to examine the predicted exacerbating effect of perceived seller intentionality on unfairness via relational value threat (H1a,b) and to assess whether disadvantageous price comparisons can inspire unfairness even in the absence of deliberate seller actions because they inherently involve a violation of deservingness (H2a,b). To test these ideas, I compared an equitable control condition (where two customers paid the same price) to two inequitable conditions (where another customer paid a lower price) in which sellers' intentions were varied. In one of the conditions no reason was given for the price discrepancy. Here, as noted in section 2.4.1, I expected that consumers would assume at least some seller

intentionality. That is, that the seller deliberately charged the two customers different prices, which I expected to convey a relational value threat. In the other inequitable condition, the other customer's lower price was the result of a salesperson pricing error. The price differential was the same, but I expected this one to be considered less deliberate and consequently less threatening.

3.2.1 Method.

Eighty-two students (58% male) participated in a three-level (Equity, Mistaken Inequity, No Information Inequity) between-subjects experiment. All participants read a scenario where they bought a GPS for $225 and then later found out that another consumer bought the same GPS at the same store on the same day. What varied was whether the seller charged the other consumer the same price (Equity), or a lower price - $179 (Inequity). In the Mistaken Inequity condition, a salesperson had put the wrong price on the GPS, which the store had to honor. In the No Information Inequity condition, no reason for the price differential was mentioned. Participants simply learned that the store had charged the other customer a lower price. However, because individuals tend to attribute actions to actors (Ross 1977) and hold negative stereotypes about salespeople (Babin, Boles and Darden 1995), I expected participants to assume that the behaviour was intentional in the absence of specific information to the contrary (i.e., that the seller made a mistake), Following the scenario, participants responded to a series of questions. (See Appendix A for scenarios.)

3.2.2 Measures.

All items were measured using 7-point scales. To capture perceived unfairness,

participants rated the extent to which they would describe the situation as fair (reversed), reasonable (reversed), and unfair (α = .92) (adapted from Darke and Dahl 2003). Notably, I also included a measure of perceived *price* unfairness more specifically, which included the following three items: to what extent would you say the price that you paid was fair (reversed), unfair, reasonable (α = .97). (Note: the analysis revealed an identical pattern of results for both perceived unfairness and perceived price unfairness and so, going forward, I report only the former). Perceived relational value was measured by asking participants the extent to which they believed that the seller did not think much of them (reversed), disliked them (reversed), thought they were inferior (reversed), or thought highly of them (α = .89) (adapted from Leary et al. 2003). Deservingness perceptions were captured by asking participants to indicate the extent to which they believed that they paid more than they deserved. I also measured perceived seller intentions, attitudes towards the store and repurchase intentions. Perceived seller intentions were captured by asking the extent to which participants believed the seller intentionally charged a higher price, knew that they had charged a higher price and deliberately charged a higher price (α = .95). Attitudes were captured by asking participants to indicate the extent to which they felt favorably about, were happy with and felt negatively about (reversed) the store (α = .97). Finally, repurchase intentions were measured by asking consumers how likely they would be to go back to the store and how likely they would be to avoid the store in the future (reversed) (*r* = .89).

3.2.3 Results.

3.2.3.1 Manipulation checks

All participants in the inequitable conditions and 96% of participants in the equitable

conditions correctly recalled the price the other customer paid. Within the inequitable conditions, 98% of participants correctly identified whether the actions of the seller were the result of a mistake or not ($\chi^2(1) = 49.13$, $p < .001$). As expected, participants perceived the seller's actions to be less intentional in the Mistaken Inequity condition than the No Information Inequity condition (*Ms* = 2.26 vs. 4.89, $F(1, 52) = 34.01$, $p < .001$), consistent with expectation that in the absence of information to the contrary individuals tend to assume at least some degree of seller intentionality.

3.2.3.2 Unfairness, Deservingness and Relational Value.

ANOVAs on unfairness, deservingness, and relational value showed significant effects of the experimental manipulation (*F*s(1, 78) = 67.92, 91.51 and12.55, *p*s < .001). Consistent with expectations, least significant difference (LSD) post-hoc analyses showed that participants considered the No Information Inequity condition more unfair than both the Mistaken Inequity condition (*Ms* = 5.31 vs. 3.47, $p < .01$) and the Equity condition (*Ms* = 5.31 vs. 2.04, $p < .01$), and that they also viewed the Mistaken Inequity condition as more unfair than the Equity condition (*Ms* = 3.47 vs. 2.04, $p < .01$) (Figure 2). These results thus align with the general idea that disadvantageous price comparisons, in the absence of differential inputs, will be deemed unfair regardless of seller intentions. Perceptions of seller intentionality, however, appear to exacerbate these perceptions.

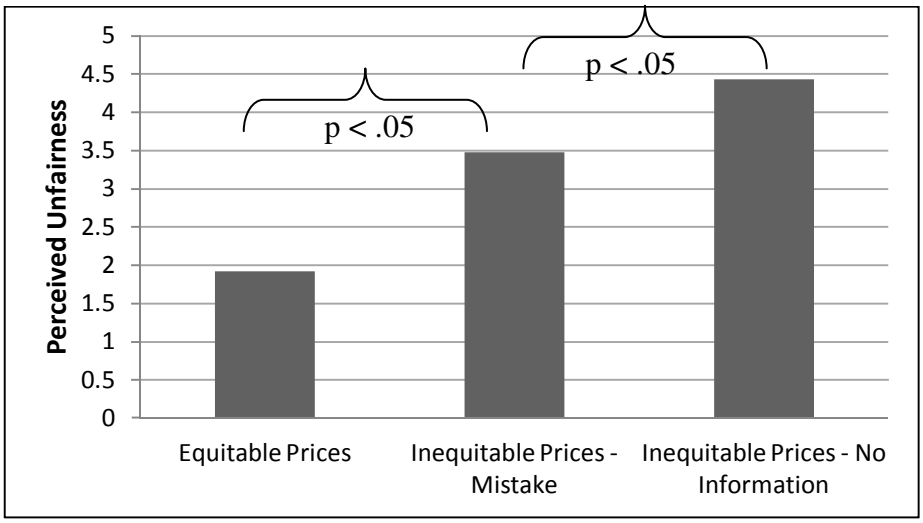
Also consistent with expectations, participants in both the Mistaken Inequity and No Information Inequity conditions had stronger perceptions of deservingness violation than those in the Equity condition (Ms = 4.12 and 4.39 vs. 1.56, *p*s < .001), but there was no significant

difference in perceived deservingness violation across the Inequitable conditions ($p > .2$). These results are consistent with one of the core arguments underlying the overarching conceptual framework - that inequitable pricing situations, in the absence of differential inputs, represent a violation of deservingness because consumers view the referent standard (in this case another consumer's price) as the price they deserve. In contrast to the Inequitable situations, Equitable situations are not expected to violate deservingness because the consumer pays the referent standard. Given these results are consistent with the notion that consumers view inequitable pricing situations as deservingness violations, I use the terms price inequity and deservingness violation interchangeably in going forward.

Although both Inequitable conditions led to stronger perceptions of deservingness violation, I did expect these conditions to vary in how they influenced participants' perceptions of relational value. Specifically, I expected those in the No Information Inequity condition to have lower perceptions of relational value. Consistent with this, the results showed that those in the No Information Inequity condition had lower perceptions of relational value than both the Mistaken Inequity (Ms = 3.45 vs. 5.10, $p < .001$) and the Equity conditions (Ms = 3.45 vs.5.11, $p < .001$) but Mistaken Inequity caused no additional threat over Equity ($p = .89$). The significant difference in perceived relational value across Inequitable conditions supports the idea that disadvantaged consumers are more likely to view a relatively high price as an indication that the seller does not sufficiently value them as a customer (i.e., as a relational value threat) when they believe that the price discrepancy is the result of deliberate seller actions. This is particularly so when taken in conjunction with the previously reported finding that participants perceived the

actions of the seller as more deliberate in the No Information Inequity condition (section 3.2.3.1).

Figure 2: Preliminary Study - Deliberateness and Unfairness



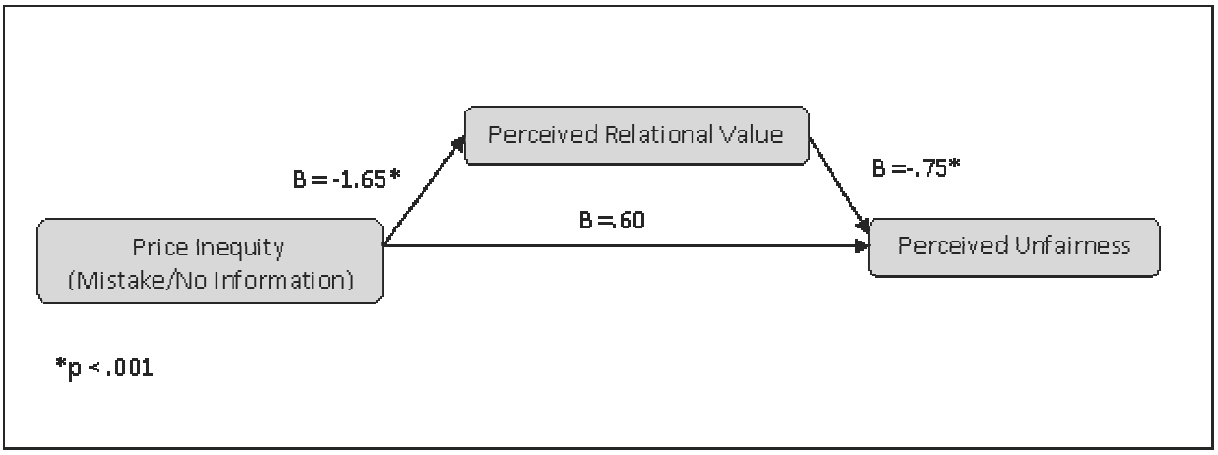
3.2.3.3 Mediation Analyses.

Following this analysis, I conducted two mediation analyses as described by Preacher and Hayes (2008). The first analysis examined the predicted mediation of deservingness violation in explaining the difference in perceived unfairness across the Mistaken Inequity and the Equity conditions. The results of a bootstrap analysis showed that the confidence interval surrounding the indirect effect of Equity/Mistaken Inequity on perceived unfairness via perceived deservingness violation did not span zero, supporting the predicted mediation (*point estimate*: -1.85; $CI_{95\%}$: -3.03 to -.97). These results support the prediction that price inequities will be

deemed more unfair than inequities even in the absence of self-threat because they violate deservingness.

The second analysis examined the predicted role of relational value in explaining the effect of intentionality on unfairness in the Inequity conditions. To do so, I conducted a bootstrap analysis using only these two conditions. The results showed that the confidence interval surrounding the indirect effect of Mistaken Inequity/No Information Inequity on perceived unfairness via relational value did not span zero, supporting the predicted mediation (*point estimate*: 1.24; $CI_{95\%}$: .65 to 2.09). These results support the prediction that price inequities are more threatening to one's relational value and so are deemed more unfair when the discrepancy is believed to be deliberate (Figure 3). Importantly, these results are consistent with the broader ideas that are presented in the overarching conceptual model. That is, they support both i) the idea that price inequities represent a deservingness violation, and so will be deemed unfair, and ii) the more novel idea that inequitable price comparisons can convey threatening information about important aspects of the consumer's self-concept and that they will be deemed unfair to the extent that they do.

Figure 3: Preliminary Study Mediation Analysis – Relational Value and Unfairness



3.2.3.4 Downstream effects.

Attitudes towards the store and repurchase intentions showed the same pattern of results as unfairness ($F(1, 78) = 64.43$ and 32.70 respectively, ps < .001). Post-hoc analyses (LSD) showed that No Information Inequity resulted in less positive attitudes towards the store and lower repurchase intentions than both Mistaken Inequity (Ms = 1.81 vs. 3.81 and 2.31 vs. 4.75; ps < .05) and Equity (Ms = 1.81 vs. 5.83 and 2.31 vs. 5.61, ps < .05). Mistaken Inequity also led to less positive attitudes and lower repurchase intentions than Equity (Ms = 3.81 vs. 5.83 and 4.75 vs. 5.61, ps < .05). Consistent with other work on the topic, unfairness had significant negative downstream effects. Given that these results are consistent with previous work and that the negative consequences of perceived unfairness are well-established in the literature (e.g., Campbell 1999; Oliver and Swan 1989), I do not report downstream measures in subsequent studies.

3.2.4 Discussion.

The result of this preliminary study are consistent with the prediction that undeserved disadvantageous price comparisons can threaten consumers' relational value, and that such threats are important to the experience of unfairness. The study also provided some evidence that beliefs that the seller deliberately charged the focal consumer a lower price underlie relational value threats (H1a,b). As predicted, however, inequitable price comparisons can still be considered unfair even in the absence of such threat when they violate consumer deservingness (H2a,b).

More generally, the results are consistent with the overarching framework developed in this dissertation. That is, they support the idea that, while unfairness judgments stem initially from a perceived deservingness violation (which in the context of this research is an inequitable price comparison), they are also informed by the inferences that consumers make about *why* they did not receive what they deserved (in this case, inferences of low relational value). Further, it demonstrates that such self-threatening information is importantly related to unfairness in that exchange factors that reduce the threat conveyed by a deservingness violation (in this case information that the price discrepancy is attributable to seller error) mitigate perceived unfairness. This contributes to the mainstay theories of fairness in marketing (e.g., equity theory and transaction utility theory) that assign no role to threat and the factors that influence it in determining fairness assessments. It also provides a way to integrate various findings in fairness research across both marketing and organizational psychology that have highlighted factors that could be construed as being relevant to threat. That is, it highlights that self-threat is an

important basis of price fairness judgments. Notably, however, the results are not consistent with the notion that unfairness *necessarily* requires intentionality (Folger and Cropanzano; Mikula 2003). Rather, consistent with equity theory, they suggest that price inequities may be deemed unfair even in the absence of seller intentionality because such instances represent deservingness violations. Perceptions of seller intentionality can exacerbate unfairness by enhancing the relational value threat conveyed via deservingness violations.

It is also interesting to note that, as expected, the results support the notion that individuals may assume that the price discrepancy is deliberate despite having no explicit information in this regard. This has important implications for both research and practice. Previous research commonly examines fairness perceptions across situations where no specific information about deliberateness is provided (e.g., Bolton, Keh and Alba 2010; Haws and Bearden 2006). According to the current work, however, such studies may conflate the influence of deservingness violations and relational value threat on perceived unfairness.

One particular challenge with this initial study, however, was the way in which the extent to which the deservingness violation conveyed a relational value threat was varied (i.e., via seller intentionality). Specifically, manipulating seller intentionality may also have varied perceptions of seller motive (in addition to relational value threat), which has also been shown to influence fairness judgments (Campbell 1999). Thus, although the current study finds support for the predicted mediating role of relational value, the experimental design does not allow me to rule out the possibility that the relationship was actually mediated by inferences of negative seller motives. Study 1, in contrast, does allow me to experimentally rule out this alternative

explanation by varying the nature of the relationship between the seller and the consumer to examine the role of relational value threat, rather than varying seller intentionality. This factor should similarly vary the extent to which the price inequity conveys a relational value threat, but is not confounded with seller motives.

3.3 Study One

Study 1 provided a conceptual replication of the preliminary study within an experimental design that was more robust with respect to alternative explanations. The primary purpose in doing so, in relation to the overarching conceptual framework, was to further examine the proposed mediating role of relational value threat in explaining why certain price inequities are deemed particularly unfair. To do so, I crossed a price comparison manipulation (Inequity vs. Equity) with a different factor that, like seller intentionality, was designed to enhance relational value threat - relationship importance. To the extent that relationship importance is expected to exacerbate any relational value threat inherent in a disadvantageous price comparison, there should be a corresponding increase in perceived unfairness (H3a,b). Notably, this study also aimed to provide an initial, statistical test of the role of personal identity threat in fairness judgments. That is, it examined whether price inequities can also convey threatening information about one's personal identity that ultimately influences the experience of unfairness.

While this study did not manipulate anything designed to alter personal identity threat per se, I did include measures of this threat to examine whether any of the effect of undeserved price inequities on unfairness was transmitted through personal identity threat.

3.3.1 Method.

Ninety-nine students (60% female) participated in this 2 (Price Inequity: Yes vs. No) x 2 (Relationship Importance: High vs. Low) between-subjects experiment. Participants all read that both they and a friend had bought identical cameras on the same day from the same salesperson, and that *their friend* had received a discount. I then manipulated whether the focal consumer also received a discount (Price Inequity manipulation) and whether they were friends with the salesperson (Relationship Importance manipulation).

I made two general predictions. First, I predicted that a price inequity (i.e., where the target consumer did not get the discount) would threaten both relational value and personal identity. That is, the target consumer would take the salesperson's actions as a personal slight that would undermine relational value, but also cause them to feel somewhat foolish for allowing the situation to occur (i.e., to feel incompetent). Second, *within* inequitable conditions, I predicted that the price inequity would have a greater effect on unfairness within the high relationship importance conditions due to the additional threat to relational value. The logic here, as noted earlier, is that consumers feel more threatened by indications of low social worth as the value and emotional significance that they attribute to the relationship increases. Given that people value their relationships with friends more than with strangers, the manipulation of relationship importance entailed varying whether the seller was a friend (high relationship importance) or a stranger (low relationship importance). (See Appendix B for scenarios.)

3.3.2 Measures.

Following the scenario, participants responded to a series of questions. Perceptions of relational value (α = .89) and unfairness (α = .93) were measured as in the preliminary study, however, an additional two items were included in the unfairness measure (i.e., unjust and justifiable (reversed)). Threat to personal identity was assessed through perceptions of incompetence. That is, participants were asked the extent to which the situation made them feel incompetent, foolish, dumb, smart (reversed) and competent (reversed) (α = .83) (adapted from Tafarodi 1998).

3.3.3 Results.

3.3.3.1 Manipulation checks.

The majority of participants (96%) correctly recalled whether both consumers or rather only the other consumer received a discount ($\chi^2(1) = 77.60$, $p < .001$). Similarly, 97% of participants correctly recalled their relationship with the seller ($\chi^2(1) = 80.85$, $p < .001$).

3.3.3.2 Unfairness, Relational Value and Personal Identity Threats

ANOVAs showed the expected main effect of Price Inequity on unfairness, relational value and personal identity threat (Fs(1, 93) = 70.45, 27.91, and 17.34, ps < .01). The price discrepancy was considered more unfair (Ms = 5.25 vs. 2.94), lowered perceptions of relational value (Ms = 3.52 vs. 4.77) and increased perceptions of incompetence (4.53 vs. 3.66). These results are consistent with the idea that paying a price that exceeds a referent standard (in this case, more than another consumer) can convey self-threatening information to the consumer. Specifically, it suggests that undeserved outcomes in the form of price inequities, relative to

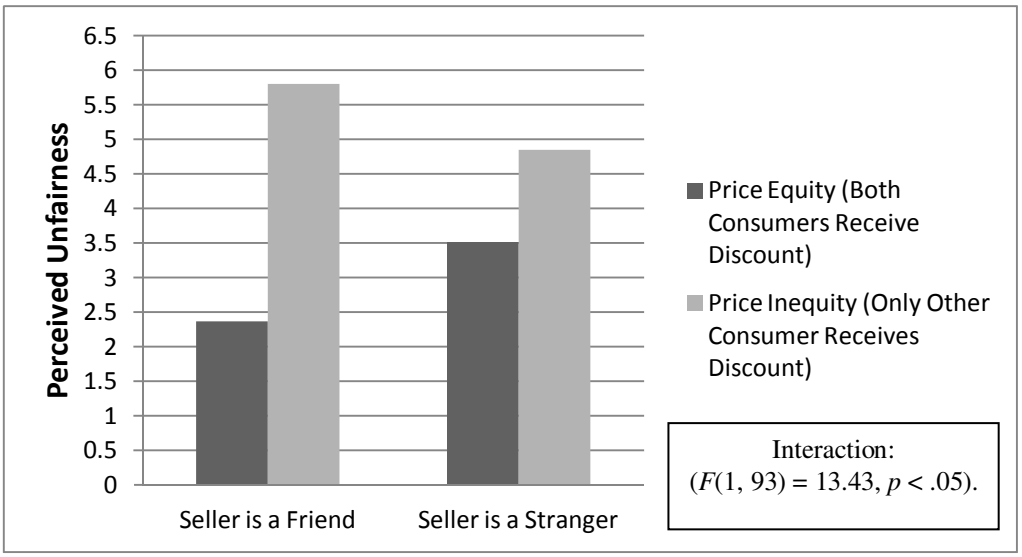
paying the referent standard, can naturally lead to inferences of low relational value and perceived incompetence.

There were also significant interaction effects of Price Inequity and Relationship Importance on perceived unfairness and relational value (*F*s(1, 93) = 13.43 and 14.25, *p*s < .05; but not for incompetence: *F*<1). As expected, the effect of Price Inequity on unfairness was larger when the seller was a friend (i.e., when Relationship Importance was high) (*Ms* = 5.70 vs. 2.37) versus stranger (*M*s = 4.85 vs. 3.51) (*F*s(1, 93) = 72.42 and 11.07, *p*s < .001) (Figure 4). As would be expected, follow-up analysis also showed that, within the inequitable conditions, participants perceived the situation as significantly more unfair when the seller was a friend (*Ms* = 5.70 vs. 4.85; *F*(1, 93) = 8.42 *p* < .05).

With regards to the significant interaction of the independent variables on relational value, Price Inequity also had a more negative impact on relational value when the seller was a friend (*Ms* = 3.08 vs. 5.22) versus stranger (*M*s = 3.96 vs. 4.31) (*F*s(1, 93) = 40.96 and 1.14, *p*s < .001 and > .25). Follow-up analysis revealed that, as expected, within conditions where the prices were inequitable, perceived relational value was lower when the seller was a friend (*M*s = 3.08 vs. 3.96, *F*(1, 93) = 6.84, *p* < .05). In other words, consistent with predictions, an undeserved disadvantageous price inequity allocated by a valued relational partner (in this case, a friend) conveyed more threatening information about one's social worth than similar outcomes distributed by a less valued relational partner (in this case, a stranger). More generally, these results support the idea that, like seller intentionality, relationship importance is an important factor of the exchange that influences the extent to which price inequities convey self-threatening

information about consumers' relational value.

Figure 4: Study 1 - Relationship Importance and Unfairness



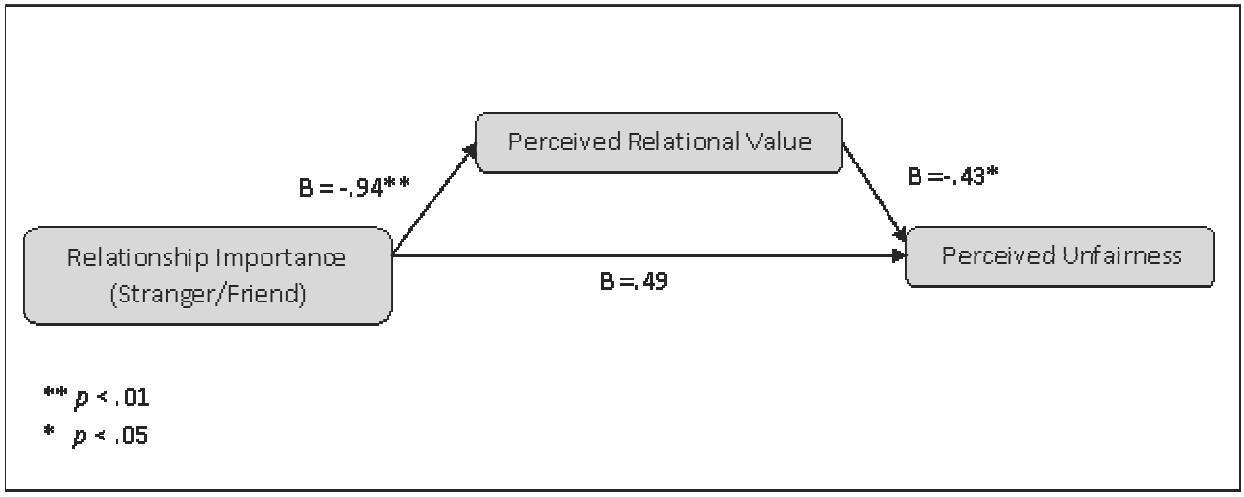
3.3.3.3 Mediation analyses.

I conducted two mediation analyses in accordance with Preacher and Hayes (2008). The first simultaneously examined the roles of both relational value and incompetence in explaining the overall effect of Price Inequity on perceived unfairness. The second examined whether relational value explained the effect of Relationship Importance on unfairness within inequitable conditions. In the first case, a bootstrap analysis showed that the confidence intervals surrounding the indirect effect of Price Inequity on relational value and incompetence did not span zero, supporting the predicted multiple mediation (*point estimates*: .58 and .33; $CIs_{95\%}$: .14 to .98 and .09 to .63 respectively). More specifically, this finding supports the idea that

undeserved price inequities can convey information that threatens elements of both one's relational value and personal identity, and that such threats impact the overall experience of unfairness. This idea is central to the overarching conceptual model developed in the current work. Notably, this result also provides statistical support for the argument that relational value and personal identity are distinct sources of threat in that the estimations of the indirect paths yielded by the bootstrap analysis reflect only the unique effect of each mediator after controlling for others in the analysis.

In the second analysis, a bootstrap analysis showed that the confidence interval surrounding the indirect effect of Relationship Importance on unfairness via relational value did not span zero (*point estimate*: .40; $CI_{95\%}$: .06 to .86), consistent with the predicted mediation (Figure 5). That is, the analysis supported the idea that undeserved outcomes allocated by valued relational partners are deemed particularly unfair because they convey more threatening information about relational value. Again these results support the overarching model, whereby relational value threat is argued to be an important determinant of the perceived unfairness of inequitable price comparisons.

Figure 5: Study 1 Mediation Analysis within Inequitable Conditions – Relationship Importance, Relational Value and Unfairness



3.3.4 Discussion.

Consistent with the proposed conceptual model, the results of this study support the idea that undeserved price inequities can convey threatening information about both relational value and personal identity, and that such threats are an important basis of consumers' fairness judgments. In this case, paying more than a referent standard (another consumer's price) conveyed both low relational value (i.e., a relational value threat) and incompetence (i.e., a personal identity threat). That is, the disadvantaged consumer may have inferred both that they did not receive the discount because the seller did not value the relationship (relational value threat) and that they could have done something better in order to receive the discount (personal identity threat). The study also obtained additional experimental evidence for the role of relational value threat by showing that conditions that exacerbate this type of threat (in this case,

a valued relationship with the seller) exacerbate perceived unfairness (H3a,b).

This study, in contrast to the preliminary study, is also particularly helpful in demonstrating that the influence of relational value threat on perceived unfairness is distinct from the influence of inferred motive. As noted earlier, inferred motive has been previously noted as an important factor in shaping fairness judgments, where negative inferred motive has been found to exacerbate perceived unfairness (Campbell 1999). Although the specific reason why motives influence fairness judgments is not examined in Campbell's (1999) work, it is implied that such inferences will be important to fairness *because* they help consumers assess whether seller profits are reasonable (not because they might convey hurtful information). Setting this important distinction aside for the moment, it still remains that inferred motive may offer an alternative explanation for the results in the preliminary study (i.e., seller intentionality may not only convey low relational value but also make consumers more likely to infer negative motive). However, the finding that relationship importance influences perceived unfairness offers some compelling evidence that relational value threats and inferred motive are distinct. Specifically, it seems unlikely that inferred motive will vary depending on the importance of the relationship between the consumer and the seller. In fact, if anything, it seems that consumers are more likely to infer positive seller motives for those with whom they share a pre-existing relationship (Campbell 1999; Aggarwal and Larrick 2012). Yet, I find that disadvantageously inequitable prices allocated by valued relational partners are deemed particularly unfair, thus supporting the prediction that relational value threats are an important basis for fairness judgments.

That undeserved disadvantageous price inequities may be perceived as more self-

threatening when the prices are allocated by a valued relational partner is also interesting to consider in light of previous fairness research. For instance, Ham and van den Bos (2008) found that the personal relevance of the individual's relationship with the consumer had no influence on explicit fairness judgments. Campbell's (1999) findings actually stand in direct opposition to the current results, showing that consumers tend to perceive price inequities as less unfair when the prices are allocated by those with a good reputation because they tend to give these allocators the benefit of the doubt. Recent research on service failures appears to shed some light on these seemingly conflicting results. Specifically Wan, Hui and Wyer (2011)'s findings suggest that the extent to which consumers give the benefit of the doubt to those with whom they value the relationship depends on the degree of ambiguity inherent in the situation. To the extent that there is any ambiguity, consumers rationalize the service failure as a miscommunication (i.e., give their friend the benefit of the doubt). In the absence of ambiguity, consumers react more negatively to service failures by friends rather than strangers. Wan, Hui and Wyer's (2011) work, although in the context of service failure, implies that when consumers value their relational partner, perceptions of unfairness will depend on whether there is sufficient ambiguity in the situation to rationalize the friend's pricing decision in a non self-threatening way. Applied to price fairness, Campbell's (1999) participants likely had sufficient ambiguity to give the firm with a good reputation the benefit of the doubt. In contrast, the current scenarios had little ambiguity (i.e., consumers bought from the same salesperson on the same day, with no detail as to *why* the other consumer might have received a lower price). In the absence of any alternative explanations, participants found disadvantageous price comparisons particularly unfair when

they valued their relationship with the seller. Such situations were perceived as more threatening to relational value than similar interactions with an unknown seller.

Taken together, the results from both the preliminary study and the current study offer consistent support for the proposed mediating role of relational value threat in explaining the effect of deservingness violations on unfairness (as noted in the proposed framework). More specifically, these studies show that factors of the exchange that enhance the extent to which a deservingness violation conveys low relational value (i.e., a relational value threat) exacerbate unfairness. The current study also found statistical evidence for the importance of personal identity threats. Given the central role of both relational value and personal identity threat in the proposed model, the following study includes an experimental manipulation of both types of threat.

3.4 Study Two

The primary purpose of Study 2 was to provide an experimental demonstration of threats to both relational value and personal identity on perceived unfairness. To do so, I manipulated relationship importance in two different contexts that were designed to cause it to have opposing effects on relational value and incompetence (i.e., personal identity threat). In all cases, target consumers discovered that another customer had received a discount that they had not (i.e., all cases involved a price inequity). In the first context, both customers interacted with the *same* salesperson, replicating conditions from the previous study. As before, relationship importance was expected to enhance unfairness due to the additional relational value threat (H3a,b). The

logic here is the same as in Study 1. Since buying from the same salesperson with no explanatory information makes it difficult for consumers to give their relational partner the benefit of the doubt, regardless of the nature of the relationship (Wan, Hui and Wyer 2011), consumers are likely to view their relatively high price as an indication that the seller does not value them. Such a price inequity is expected to be particularly threatening, and so deemed more unfair, when relationship importance is high.

In the second case, the other customer received a discount from a *different* salesperson (also at the same store). The price differential here should have very few implications for relational value because prices offered by a different salesperson should communicate relatively little about how much the target consumer's salesperson values them. Relationship importance should consequently have little impact on relational value in such situations. The threat to personal identity, however, should remain because finding out another customer received a lower price from a different salesperson suggests that the focal consumer could have done something to receive a better price from their own salesperson.

Under these circumstances, however, Relationship Importance should mitigate threat rather than enhance it. The logic here is that perceived incompetence should be reduced the less likely it is that the consumer could have done something to receive the lower price. To the extent that consumers are more likely to assume that valued relational partners will operate in their interests, they should be more likely to assume that the price they received was as good as they could get, and that there was some other reason for the other customer's lower price. In short, buying from a valued relational partner should help reassure consumers they are getting a

reasonable deal. It is important to note that this is not expected to hold in the other context where the *same* salesperson provided another customer with a better price. The lack of ambiguity in the latter situations should make it much more difficult for consumers to construct a plausible reason for the price discrepancy. Overall, I predicted that relationship importance could both *enhance* and *mitigate* unfairness depending on whether it increased threats to relational value or decreased threats to personal identity.

3.4.1 Method.

Ninety students (58% male) participated in this 2 (Relationship Importance: High vs. Low) x 2 (Salesperson: Same vs. Different) between-subjects experiment. All participants read that they had bought the same digital camera as another consumer at the same store on the same day. Across conditions, the focal consumer paid $219 for the camera and the other consumer paid $179. I then varied whether the disadvantaged consumer bought from the same salesperson as the other consumer or rather a different salesperson within the store (Salesperson), and whether the focal consumer was friends with their salesperson or not (Relationship Importance). (See Appendix C for scenarios.)

3.4.2 Measures.

As in earlier studies, participants responded to a series of questions after reading the scenario. The measures for perceived unfairness ($\alpha = .90$), perceived relational value ($\alpha = .85$) and personal identity threat ($\alpha = .74$) were identical to those used in Study 1.

3.4.3 Results.

3.4.3.1 Manipulation checks.

Ninety-three percent of participants correctly recalled their relationship with the salesperson ($\chi^2(1) = 63.00$, $p < .001$), and 83% of participants correctly recalled whether the other consumer bought the digital camera from the same salesperson or a different salesperson at the store ($\chi^2(1) = 55.8$, $p < .001$).

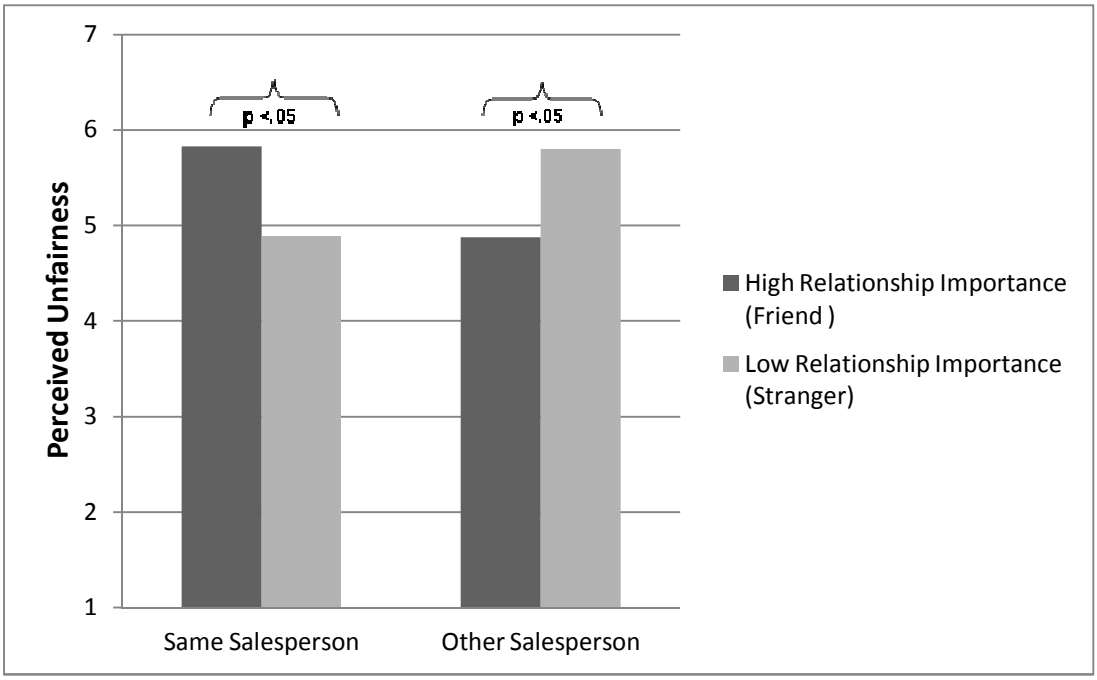
3.4.3.2 Unfairness, Relational Value and Personal Identity Threats.

ANOVAs showed the predicted Salesperson by Relationship Importance interactions on unfairness , relational value, and personal identity threat (*F*s(1, 84) = 13.39, 10.82, and 6.76, *p*s < .001, .01, and .01). Follow-up analyses showed that when both consumers bought from the same salesperson, friendship with the salesperson enhanced unfairness and lowered relational value (*M*s = 5.83 vs. 4.89 and 1.60 vs. 2.68; *F*s(1, 84) = 6.98 and 12.20, *ps* < .01), but, as expected, had no effect on perceived incompetence (*F*<1). This is consistent with the results from Study 1, whereby undeserved price inequities allocated by valued relational partners are deemed particularly unfair.

In the case of different salespeople, however, friendship with the salesperson reduced unfairness and lowered perceived incompetence (*M*s = 4.88 vs. 5.80 and 4.17 vs. 5.31, *F*(1, 84) = 6.43 and 16.59, *p*s < .05 and .01), but had no effect on relational value (*F*<1). These results are consistent with expectations that, in such cases, friendship with the seller reduces perceptions of incompetence by making consumers less likely to believe that they could have gotten the lower price. It also supports the idea that a lower price offered to another consumer by a *different*

salesperson should convey little about one's perceived social worth vis-à-vis the focal salesperson (Figure 6).

Figure 6: Study 2 – Relationship Importance, Salesperson and Unfairness



3.4.3.3 Mediation Analyses.

I conducted two mediation analyses. The first tested whether relational value mediated the effect of Relationship Importance on unfairness in the *same salesperson* conditions. A bootstrap analysis in which both perceived relational value and incompetence were included as simultaneous mediators revealed that the confidence interval surrounding the indirect effect via relational value did not span zero (*point estimate*: .49, $CI_{95\%}$: .08 to 1.22), consistent with

mediation (Figure 7). As predicted, personal identity threat did not appear to transmit any of the effect ($CI_{95\%}$: -.15 to .12). These results are consistent with the results in Study 1. That is, they demonstrate that disadvantageous price comparisons are particularly unfair when allocated by a valued relational partner. More generally, they show that the relational value threat conveyed via an undeserved price inequity is importantly related to fairness judgments.

The second mediation analysis examined whether perceived incompetence mediated the opposite effect of Relationship Importance on unfairness in the *different salesperson* conditions. The confidence interval surrounding the indirect effect via perceptions of incompetence did not span zero (*point estimate*: -.59, $CI_{95\%}$: -1.16 to -.15), consistent with mediation (Figure 8). In contrast, the confidence interval surrounding the indirect effect via relational value did span zero ($CI_{95\%}$: -.51 to .06). These results thus support the argument that factors of the exchange that reduce the extent to which a price inequity conveys incompetence (i.e., factors that mitigate personal identity threat) mitigate perceived unfairness. In other words, they support the proposed mediating role of personal identity threat in explaining why undeserved price inequities vary in the extent to which they are deemed unfair.

Figure 7: Study 2 Mediation Analysis within *Same Salesperson* Conditions – Relationship Importance, Relational Value and Unfairness

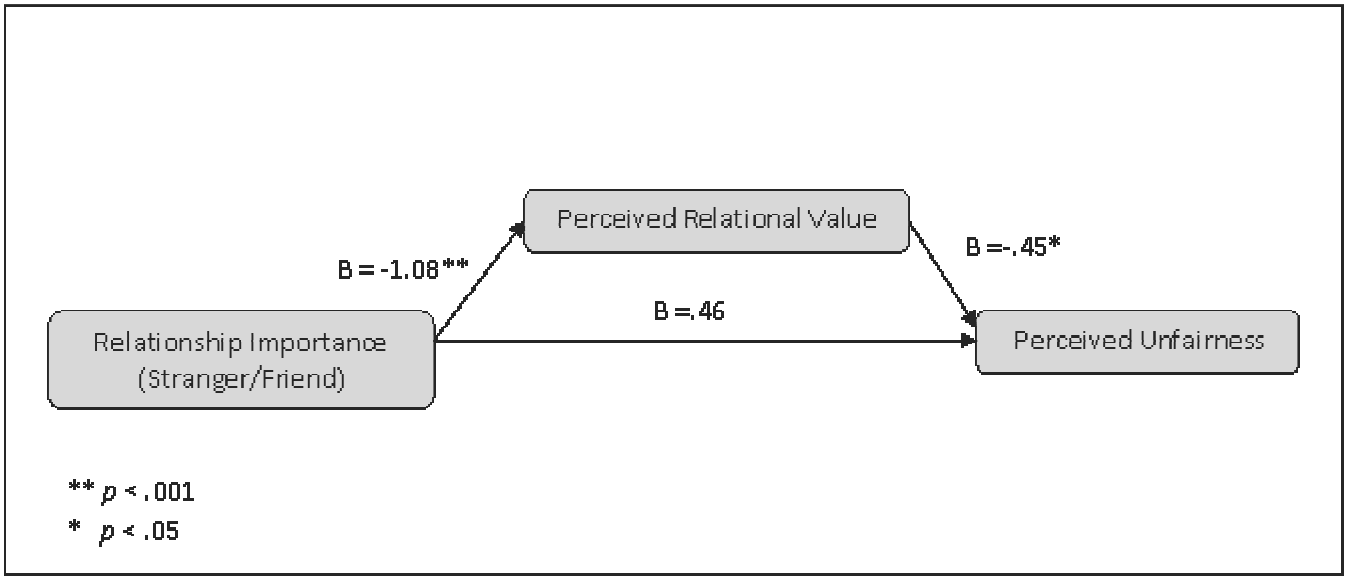
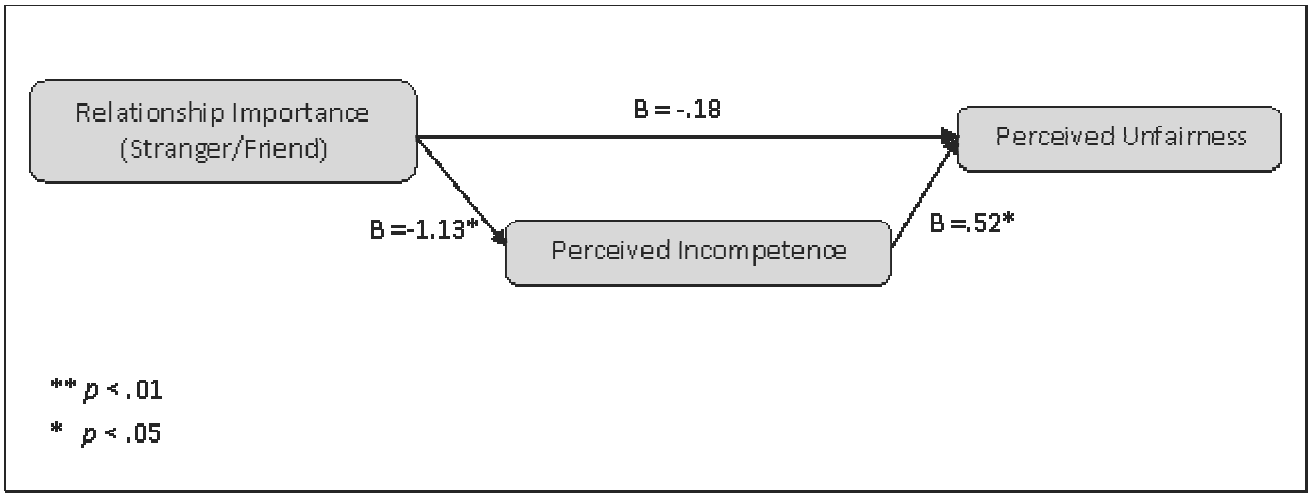


Figure 8: Study 2 Mediation Analysis within *Different Salesperson* Conditions – Relationship Importance, Incompetence and Unfairness



3.4.4 Discussion

These results support the general argument that undeserved price differentials that threaten consumers' relational value (i.e., convey low relational value) and personal identity (i.e., convey incompetence) both contribute to the experience of unfairness. As in Study 1, the results suggest that price differentials enacted by valued relational partners can be more threatening to relational value and therefore more unfair (H3a, b). This occurred specifically in circumstances where a single salesperson charged two different customers different prices. In such a situation, it would be difficult for the higher paying consumer not to assume that they had been discriminated against – a conclusion that should be particularly threatening when the salesperson is a friend. In contrast, when different salespeople were involved it should be less clear that the different prices were a deliberate act of discrimination. Feelings that the higher paying consumer could have achieved a better outcome, however, should remain. Consequently, any reassurance that the higher price was not under their control or could have been avoided should reduce consumer responsibility and, therefore, perceptions of incompetence. Having a friend for the salesperson appeared to do this as predicted. This result, more generally, offers some initial support for the idea that personal identity threats, in addition to relational value threats, importantly influence fairness judgments.

In terms of the more general framework, this study is the first to offer experimental evidence of the mediating role of both types of threat in determining the extent to which undeserved price inequities are deemed unfair. That is, it demonstrates that price inequities can

convey threatening information about both relational value (i.e., low relational value) and personal identity (i.e., incompetence), which impacts the overall experience of unfairness. Notably, however, the predictions in the current study relied on quite specific consumer inferences that were not directly measured, especially with regards to personal identity threat. Study 3 attempts to provide a more direct manipulation of self-blame to rule out alternative explanations that could be generated for the current study.

3.5 Study Three

The primary purpose of Study 3 was to examine the proposed moderating role of self-blame in determining the extent to which a price inequity conveys a personal identity threat and, consequently, exacerbates unfairness (H4a, b). More specifically, it aimed to conceptually replicate the personal identity component of Study 2 using a more direct manipulation of self-blame. To do so, I simply varied consumers' ability to obtain the reference price (i.e., their ability to obtain the same price as a comparison consumer). That is, I placed a purchase constraint on the target consumer (i.e., they had to buy at a certain time) and then manipulated whether the comparison consumers' price was obtainable given target consumers' constraints. The logic here is that is that consumers should not blame themselves for paying a relatively high price when they could *not* have taken advantage of the lower price due to external constraints.

3.5.1 Method.

Eighty-eight students (58% female) participated in this 2 (Price Inequity: Yes vs. No) x 2 (Price Obtainability: Obtainable vs. Not Obtainable) between-subjects experiment. All

participants read that they needed a new BBQ for an event that they were hosting on the weekend (i.e., they had to purchase the BBQ within this timeframe), and that they found one on sale for $200 (discounted from $230). They then read that *a few weeks* after their purchase, they found out that a friend of theirs recently bought the same BBQ, also on sale but at a *different* store. What varied across conditions was whether the consumer's friend paid the same sale price ($200) or a lower sale price ($150) (Price Inequity manipulation), and whether the consumer's friend bought their BBQ on the same day as the focal consumer or rather just a few days ago (Price Obtainability manipulation). The logic being that when the other consumer bought their BBQ on the same day as the focal consumer it suggests that the focal consumer *could* have taken advantage of the sale at the other store. In contrast, in situations where the consumer's friend just bought the BBQ a few days ago the focal consumer could not have taken advantage of the sale at the other store because they needed the BBQ *before* hosting their event.

Importantly, given the specific interest in examining the influence of personal identity threats on fairness, I took careful steps across scenarios to mitigate any potential influence of relational value threat. First, I had the focal consumer buy their BBQs at a different store than the other consumer because a price at another store should be less likely to be perceived by the focal consumer as an indication of whether *their* salesperson values them. One case where such inferences might occur, however, even across stores, is if the consumer perceives the price discrepancy as indicative of exploitation. Previous work demonstrates that such inferences of disrespectful treatment may occur when the seller charges higher *regular* prices than another store (Ashworth and McShane 2012). Thus, taking steps to further mitigate any potential

influence of relational value threat, I had both consumers buy their products on sale and held the regular price for the BBQ constant at $230 across conditions. (See Appendix D for scenarios.)

In terms of predictions, I expected a main effect of Price Inequity on unfairness and personal identity threat, in that disadvantaged consumers would deem the situation more unfair and feel less competent. Within inequitable conditions, however, I expected the situation to be deemed significantly less unfair when the lower price was unobtainable. The logic here is that in such situations the consumer should feel less responsible for the price differential and, in turn, the price differential should have fewer implications for consumer incompetence. In other words, an unobtainable lower price should pose less of a threat to personal identity, and so be deemed less unfair. In contrast, consumers who find out that they could have paid a lower price should feel at least somewhat responsible for the price differential, thus enhancing perceived incompetence and, subsequently, perceived unfairness.

3.5.2 Measures.

Perceptions of unfairness ($\alpha = .89$) and relational value ($\alpha = .82$) were measured using identical items to those used in the previous study. Threat to personal identity was again assessed through perceptions of incompetence and was captured using five-items ($\alpha = .92$). Three items were identical to those used previously (incompetent, foolish and competent). Two additional items were added to focus more specifically on the relative nature of these competence assessments. Specifically, consumers were asked the extent to which they perceived the other consumer as better and more competent. I also measured attributions of self-blame by asking participants - to what extent do you blame yourself for paying the price that you did, and to what

extent do you feel accountable for the price that you paid (r = .81).

3.5.3 Results.

3.5.3.1 Manipulation checks.

Ninety-seven percent of participants correctly noted whether they paid the same or rather a higher sale price than the other consumer ($\chi^2(1) = 80.35$, $p < .001$). Most participants (83%) also correctly identified whether the lower price was obtainable ($\chi^2(1) = 38.75$, $p < .001$). Further, as expected, attributions of self-blame were significantly higher when the lower price was obtainable (Ms = 4.94 vs. 4.18, $F(1, 87) = 4.18$, $p < .05$).

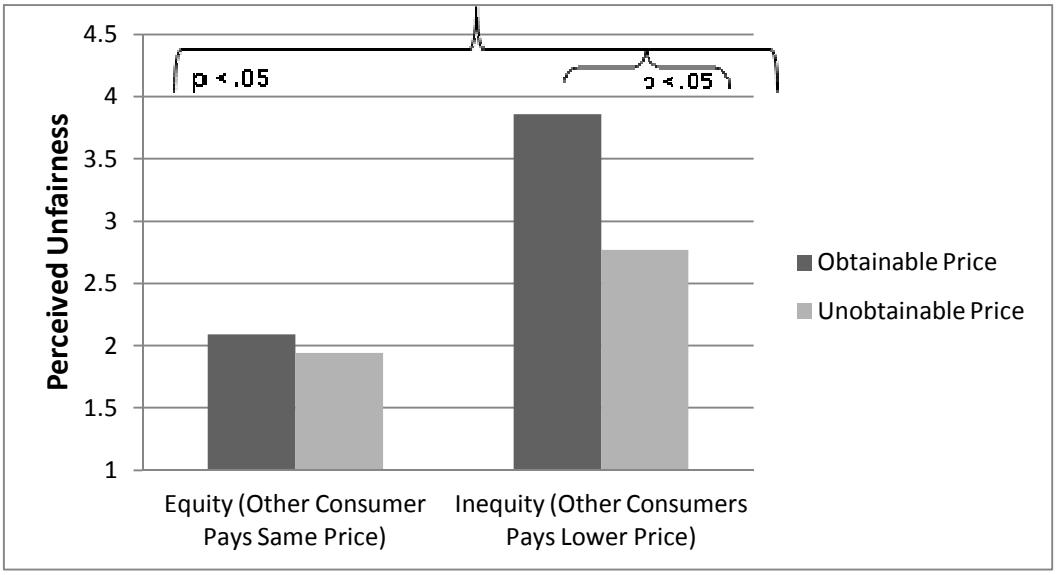
3.5.3.2 Unfairness and Personal Identity Threats.

ANOVAs revealed main effects of both Price Inequity and Price Obtainability on unfairness (Fs(1, 87) = 39.14 and 8.87, ps < .01 and < .05) and incompetence (Fs(1, 87) = 78.46 and 7.54, ps < .01). Participants considered it more unfair and experienced higher levels of incompetence when they paid a higher price than the other consumer (Ms = 3.31 vs. 2.01 and 4.81 vs. 2.53) and when the other sale was available to them (Ms = 2.97 vs. 2.36 and 4.02 vs. 3.31). The main effect of Price Inequity on both unfairness and incompetence are consistent with previous studies, indicating that price inequities are more unfair than equities and that inequitable prices can be interpreted as conveying meaningful information about one's degree of self-competence.

As expected, these main effects were qualified by significant interactions on both measures (Fs(1, 87) = 4.98 and 4.43, ps < .05). Consistent with predictions, follow-up analyses revealed that Price Inequity had a larger effect on unfairness and incompetence when the lower

price was obtainable (*M*s = 3.86 vs. 2.09 and 5.43 vs. 2.61; *F*s(1, 87) = 35.86 and 59.90, *p*s < .001) than when it was not (*M*s = 2.77 vs. 1.94 and 4.18 vs.2.44; *F*s(1, 87) = 8.12 and 22.93, *p*s < .01 and < .001). Importantly, a disadvantageous price differential was considered more unfair and led to greater perceptions of incompetence when the lower comparison price was obtainable versus not (*M*s = 3.86 vs. 2.77 and 5.43 vs. 4.18; *F*s(1, 87) = 12.97 and 11.24, *p*s < .01) (Figure 9). Consistent with the idea that deservingness violations are integral to unfairness, and that inferences of self-threat flow from deservingness violations to impact unfairness, the results showed that both unfairness and incompetence were unaffected by Price Obtainability when both consumers paid the same price (i.e., no deservingness violation((*F*s<1). Also, as expected, no effects were significant for the relational value measure (*F*<1).

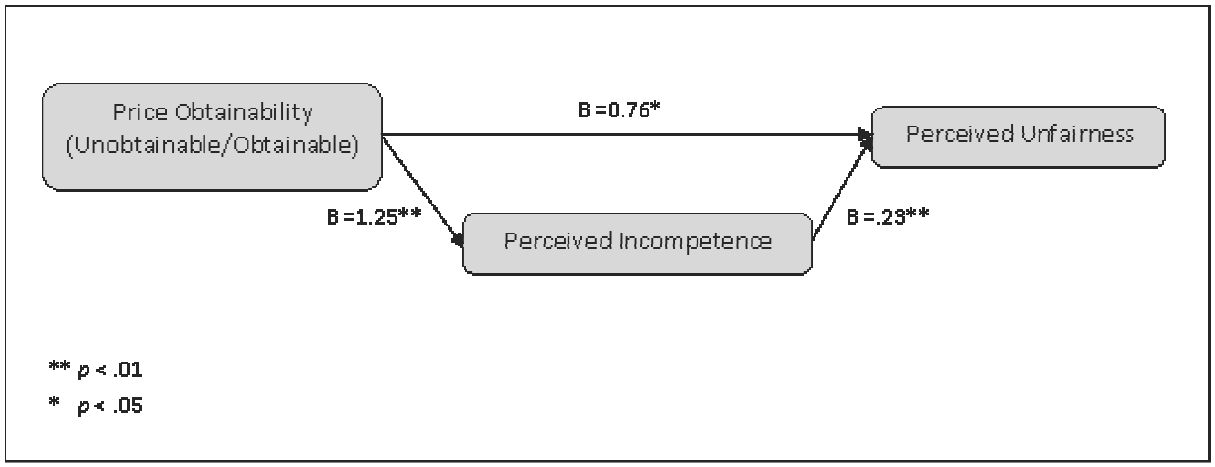
Figure 9: Study 3 – Undeserved Price Inequities and Price Obtainability



3.5.3.3 Mediation analyses

A mediation analysis was conducted to examine the indirect effect of Price Obtainability on unfairness via incompetence within conditions where consumers paid different prices (i.e., the focal consumer's deservingness was violated by paying more than the referent standard). A bootstrap analysis revealed that the confidence interval surrounding the indirect effect did not span zero (*point estimate*: .29; $CI_{95\%}$: 0.03 to .77) consistent with the predicted mediation, and also supporting the conclusion that increased personal identity threat can exacerbate the overall experience of unfairness (Figure 10).

Figure 10: Study 3 Mediation Analysis within Inequitable Price Conditions – Price Obtainability, Incompetence and Unfairness



3.5.4 Discussion.

This study investigated the general idea that personal identity threats partially mediate the

relationship between disadvantageous price comparisons and fairness judgments. More specifically, it examined whether attributions of self-blame for an undeserved outcome (i.e., feeling as though one could have done better) exacerbate perceived unfairness by conveying incompetence (i.e., a personal identity threat). Consistent with predictions, the results showed that the effect of disadvantageous price comparisons on unfairness was exacerbated by the extent to which they threatened consumers' personal identity. As such, the results of this study provide a conceptual replication of the results regarding personal identity threat as an important basis for fairness judgments from Study 2, and offer direct support for the prediction that attributions of self-blame exacerbate unfairness by enhancing personal identity threat (H4a,b). More generally, these results offer further support for the idea that deservingness violations are integral to the experience of unfairness, but that the self-relevant inferences that consumers make about *why* they received less than they deserved also play an important role.

These first four studies offer consistent support for one of the central elements of the proposed model - that relational value threats and personal identity threats are important bases for consumers' fairness judgments. That is, they identify specific exchange factors (i.e., seller intentionality, relationship importance, and attributions of self-blame) that influence perceived unfairness by either enhancing or mitigating the threat associated with the undeserved price inequity. Notably, however, these first four experiments focus exclusively on examining the relationship between threat and unfairness in disadvantageously inequitable situations. Yet, the current model suggests both that the proposed relationships should also hold in advantageously inequitable situations and that affect plays a central role in explaining the effect of threat on

perceived unfairness. Accordingly, having established a robust relationship between threat and unfairness, the following three studies extend to examine these other elements of the framework.

3.6 Study Four

The purpose of this study was two-fold. First, it aimed to test whether the proposed relationship between the self and perceptions of unfairness would extend to advantageous comparisons, as well as disadvantageous ones. That is, this study examined whether advantageously price inequitable comparisons would be deemed less unfair to the extent that they conveyed self-affirming information about important aspects of consumers' self-concept. More specifically, it tested the prediction that advantageous price inequities would be deemed significantly less unfair when they were believed to be the result of deliberate actions taken by the allocator because such outcomes are more likely to convey high relational value (H5a,b). Second, this study served as an initial test of the proposed mediating role of affect in explaining the effect of identity-relevant price inequities on perceived unfairness (H6a, H6b).

3.6.1 Method.

One hundred and ninety-eight students (56% female) participated in this 2 (Inequity: Disadvantageous, Advantageous) x 2 (Allocator Intentionality: Mistake, Deliberate) plus control (Equity) between-subjects experiment. All participants were invited into a classroom to participate in this experiment. They then logged into the study and were told that they had been randomly partnered with another student in the room. They were told that the identity of their partner would remain unknown to them, and vice versa. Participants then read that they and their

partner had been assigned to an "Allocator" – a student in another room - and that the allocator had instructions from the researcher to allocate $5 between the two partners at the allocator's discretion. Importantly, participants were also informed at this point they would actually receive the amount of money that they were allocated. Next, prior to the allocation decision being made, participants were given an opportunity to send a brief electronic note about themselves to their allocator and to indicate on a given scale their suggested allocations (e.g., Me: $0.00, My Partner: $5.00; Me: $0.50, My Partner: $4.50; increasing in fifty cent increments to Me: $5.00, My Partner: $0.00). (Note: In actual fact, participants were not partnered with another student and there were no allocators in the other room. Rather participants were randomly assigned to receive certain allocations. Further, in compliance with ethics guidelines, all students were given an opportunity to collect $5 at the end of the study)

While waiting to find out how the allocator had divided the money between them and their partner, participants completed a filler task. This waiting period was designed to enhance the believability of the cover story (i.e., that the partner and the allocator were real). Following the filler task, participants received a message stating that the allocations were available. In checking how much of the money they were allocated, participants read one of the following: i) that they had been given $5 and their partner $0 (Advantageous Inequity), ii) that they had been given $0 and their partner $5 (Disadvantageous Inequity) or iii) that both they and their partner had received $2.50 from the allocator (Equity – control). Below the allocations, participants in the inequitable conditions also received a note from the allocator stating either, "I'm really sorry I made a mistake when I was entering the allocations and so ended up giving one of you $0 and

the other $5. I'm really sorry about this but I wasn't able to edit the amounts once I'd accidentally hit submit" (Mistake) or "As you can see above, I decided to give one of you $0 and the other $5" (Deliberate). In the Equity condition, participants saw only the allocations and received no further details from the allocator. (See Appendix E for Study Procedure.)

This approach to manipulating the deservingness violation stands in contrast to the previous studies in that it *actually* violates deservingness rather than asking participants to imagine how they might think, feel and respond to a described scenario. It was important to adopt this approach for this particular study given the interest in examining the role of affect in explaining the effect of identity on fairness. That is, in order to test the prediction that self-relevant price comparisons influence fairness judgments because they elicit more intense affect, which informs the fairness judgment, it was critical to design a study in which participants would *actually* experience any affect associated with inequitable allocations.

In terms of predictions, I expected the Advantageously Inequitable conditions to be perceived as significantly more unfair than the control condition (Equity) but as significantly less unfair than the Disadvantageously Inequitable conditions. Across the inequitable conditions only, I also expected an interaction between Inequity and Allocator Intentionality. Specifically, I predicted that *mistaken disadvantageous* inequity would be deemed less unfair than deliberate disadvantageous inequity (H1a), whereas *mistaken advantageous* inequity would be more unfair than deliberate advantageous inequity (H5a). The logic here is that participants are more likely to view deliberate allocations as indicative of their perceived social worth (H1b, H5b). As such, a deliberate advantageous inequity is more likely than an inadvertent advantageous inequity to

affirm relational value, thus leading to more intense positive affect which is then used to inform the fairness judgment (H6b). In contrast, a deliberate disadvantageous inequity is more likely than an inadvertent one to threaten relational value, thus leading to intense negative affect which is then used to inform the fairness judgment (H6a). In other words, I expect the effect of deliberateness on unfairness in both the disadvantageous and advantageous situations to be sequentially mediated by perceived relational value and then affect.

3.6.2 Measures.

Perceptions of unfairness ($\alpha = .96$) and relational value ($\alpha = .87$) were measured as in previous studies. In this study I also included a more general measure of relational value, which involved asking participants the extent to which they felt valued, respected, rejected (reversed), disrespected (reversed), accepted, unlikeable (reversed) ($\alpha = .86$). This more general measure of relational value was used in an attempt to more directly capture the experience of rejection and exclusion noted as central to relational value perceptions (Leary 1995 et al.) rather than the relational inferences that consumers are likely to make about the extent to which others perceive them as having social worth (e.g., to what extent do you feel as though the allocator did not think much of you). Participants were expected to respond similarly to both measures, but including both the inferential and experiential measure enabled a test of the validity of the former measure to a more general measure of relational value. Consistent with expectations, the results showed a similar pattern of means across both measures and so I report only the former. Affect was measured by asking consumers the extent to which the situation made them feel unhappy, sad,

upset, happy (reversed), good (reversed) and positive (reversed) ($\alpha = .95$)[1]. I also measured intentionality and deservingness perceptions. Intentionality was measured by asking participants the extent to which they believed the allocator's actions were intentional and deliberate as well as the extent to which they believed that the allocator chose to make the allocation that they did ($\alpha = .89$). Deservingness was measured by asking participants the extent to which they believed that both they and their partner deserved to receive the same amount of money from the allocator. The purpose was to capture whether participants varied in deservingness perceptions across inequitable conditions.

3.6.3 Results.

3.6.3.1 Manipulation checks.

The majority of the participants correctly recalled relative allocations (94%) and the reason for the allocation (i.e., mistake, allocator's deliberate decision, no information) (98%). Further, as intended, an ANOVA showed a significant main effect of intentionality across Equity/Advantageous Inequity/Disadvantageous Inequity conditions ($F(1,207) = 9.64$, $p < .001$).

---

[1] Please note that, although Hypotheses 6a and b refer respectively to negative and positive affect, I measure both types of affect using a single, reliable measure where higher scores are viewed as an indication of high negative affect (low positive affect) and lower scores as an indication of high positive affect (low negative affect). I recognize that many researchers treat positive and negative affect as separate dimensions but others have argued that bipolarity represents a valid and parsimonious approach to measuring affective responses (Russell and Carroll 1999). Further, in this context, the specific distinction between negative and positive affect is not particularly relevant. That is, the main point of interest is to simply capture whether price differentials conveying self-threatening information (deliberate disadvantageous inequities) feel relatively worse than equivalent differentials that do not convey such information (mistaken disadvantageous inequities), and whether those conveying self-affirming information (deliberate advantageous inequities) feel relatively better than equivalent differentials that do not convey such information (mistaken advantageous inequities). I feel that the reported measure is appropriate given this purpose. It is important to note, however, that the analyses remains consistent in terms of the significance and direction of the results when conducted with only negative items (unhappy, sad, upset) and with only positive items (happy, good, positive).

Consistent with expectations, post-hoc LSD analyses showed that participants perceived allocators' actions as significantly more intentional in the Deliberate condition than in the Mistake condition (*M*s = 5.14 vs. 3.90, $p < .001$). Finally, it is important to note that there was no significant difference in the perceived deservingness of the partners across inequitable conditions ($F < 1$). This is consistent with the idea that receiving an outcome that deviates from a referent standard represents a violation of deservingness (i.e., individuals believe that they are deserving of the referent standard).

Following the manipulation checks, I removed participants who either indicated that their partner should receive all of the money and those who were suspicious of the experimental set-up (i.e., indicated in their open-ended thoughts listings that they believed the money allocation was done randomly). The logic for removing the former participants is that deservingness violations are argued to be a necessary condition for unfairness to occur and yet these participants are unlikely to perceive an inequitable allocation as a deservingness violation (because they are accepting of receiving $0). The latter participants were removed because those suspecting random allocation would be unlikely to make self-relevant inferences based on the allocation regardless of the stated allocator's intentions (i.e., Mistake vs. Deliberate).

3.6.3.2 Unfairness, Relational Value and Affect.

As expected, an initial overall ANOVA confirmed that both types of inequity, advantageous and disadvantageous, were perceived as significantly more unfair than the equitable situations in which both partners were allocated $2.50. More specifically, the results showed a significant main effect of Equity/Advantageous Inequity/Disadvantageous Inequity on

perceived unfairness ($F(1, 170) = 93.83$, $p < .001$). Post-hoc LSD analyses revealed that Advantageous Inequity was significantly more unfair than Equity ($Ms = 4.33$ vs. 1.24, $p < .01$) but significantly less unfair than Disadvantageous inequity ($Ms = 4.33$ vs. 5.85, $p < .01$).

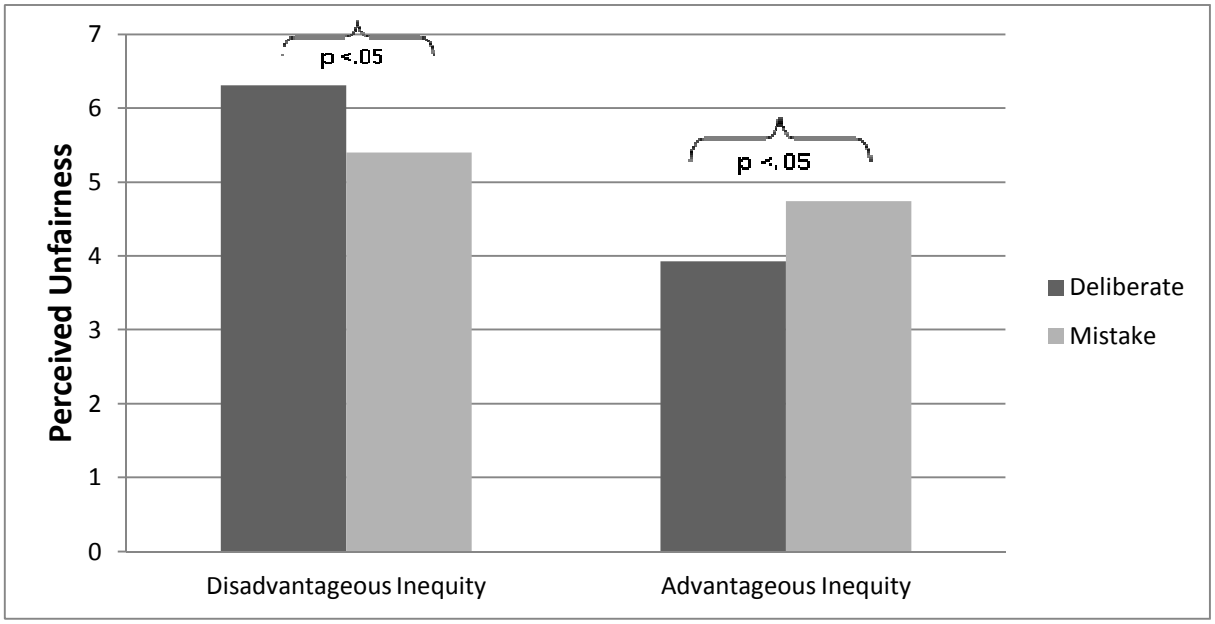
In the remaining analyses, I focused only on the four inequitable conditions. The purpose was to test the prediction that exchange factors that enhance the self-threatening (self-affirming) nature of the inequity exacerbate (mitigate) perceptions of unfairness. As expected, a 2(Inequity: Advantageous vs. Disadvantageous) x 2(Allocation Reason: Mistake vs. Deliberate) ANOVA showed a main effect of Inequity on unfairness ($F(1, 145) = 39.85$, $p < .01$). The allocation was deemed more unfair when participants were disadvantaged relative to their partner (Ms = 5.85 vs. 4.33). This effect, however, was qualified by a significant interaction (F (1, 145) = 12.84, $p <$ .01) (Figure 11). Follow-up analyses revealed that, as expected, participants in the disadvantageous conditions perceived the situation as more unfair when the allocation was Deliberate (Ms = 6.31 vs. 5.40; $F(1, 145) = 5.95$, $p < .05$). Participants in the advantageous conditions found the situation *less* unfair when the allocation was deliberate (Ms = 3.93 vs. 4.74; $F(1, 145) = 6.94$, $p < .01$).

An ANOVA also showed a main effect of Inequity (Advantageous vs. Disadvantageous) on relational value ($F(1, 153) = 162.55$ $p < .001$. Participants' relational value was lowered when they were relatively disadvantaged (Ms =3.15 vs. 5.34). As expected these effects were qualified by a significant interaction ($F(1, 153) = 29.79$, $p < .01$). Follow-up analyses showed that, participants in the disadvantageous conditions inferred lower relational value when the allocator's actions were deliberate (Ms = 2.64 vs. 3.66; $F(1, 153) = 16.87$ $p < .01$; Ms = 2.61 vs.

3.14; $F(1, 153) = 5.50$ $p < .05$). In contrast, advantaged participants inferred higher relational value when the allocator's actions were deliberate (*M*s = 5.77 vs. 4.91; $F(1, 153) = 12.99$ $p < .01$; *M*s = 5.45 vs. 4.76; $F(1, 153) = 9.69$ $p < .01$).

A final ANOVA revealed a similar pattern of means for negative affect. There was a main effect of Inequity on negative affect ($F(1, 153) = 396.38$, $p < .001$), whereby participants felt more negative when they were relatively disadvantaged (*M*s = 5.19 vs. 2.06). This effect was qualified by a significant interaction ($F(1, 153) = 7.83$, $p < .05$). Follow-up analysis showed that disadvantaged participants felt relatively more negative when the allocation was deliberate (*M*s = 5.45 vs. 4.92; $F(1, 153) = 3.75$ $p = .05$), whereas advantaged participants felt *less* negative (*M*s = 1.80 vs. 2.30; $F(1, 153) = 4.12$ $p < .05$).

Figure 11: Study 4 – The Nature of the Inequity, Deliberateness and Unfairness



3.6.3.3 Mediation analyses

Following this main analysis, I then turned to examine the predicted sequential mediation of relational value and negative affect on the relationship between undeserved inequities and perceived unfairness. The experimental design of this study, in that it created an *actual* deservingness violation (rather than using a scenario-based design), aimed to elicit affect and so allow for an initial test of this proposed mediated path. To test these proposed relationships, I conducted two mediation analyses in accordance with Hayes, Preacher and Myers (2011). The first focused on the effect of allocator's intentions on perceived unfairness via relational value threat and affect in *disadvantageously* inequitable situations and the second in *advantageously* inequitable situations.

With regards to the former, the results of a bootstrap analysis for the predicted path (i.e., intentions →relational value → affect → perceived unfairness) showed that the confidence interval for the sequential path did not span zero (*point estimate*: .16; $CI_{95\%}$: .05 to .32), consistent with mediation (Figure 12). These results support the idea that deliberate actions exacerbate the unfairness of *disadvantageous* inequities due to the enhanced relational value threat (i.e., inferences of low relational value) and the subsequent negative affect elicited by this threat. With regards to the latter, a second bootstrap analysis supported the predicted sequential mediation within advantageously inequitable conditions. The confidence interval surrounding the indirect effect of intentions on unfairness via relational value and negative affect did not span zero (*point estimate*: -.11; $CI_{95\%}$: -.26 to -.02) (Figure 13). These results support the idea that

deliberate actions mitigate the unfairness of advantageous inequities because they enhance relational value and trigger more positive affect. Taken together, these analyses support the overarching argument that the self-relevant information conveyed via undeserved price inequities influences unfairness perceptions via its influence on affect. In particular, these results are consistent with the idea that the nature of the self-relevant information (i.e., threatening vs. affirming) influences experienced affect (i.e., negative vs. positive), which has a corresponding impact on unfairness.

Figure 12: Study 4 Mediation Analysis within *Disadvantageously* Inequitable Conditions – Deliberateness, Relational Value, Negative Affect and Unfairness

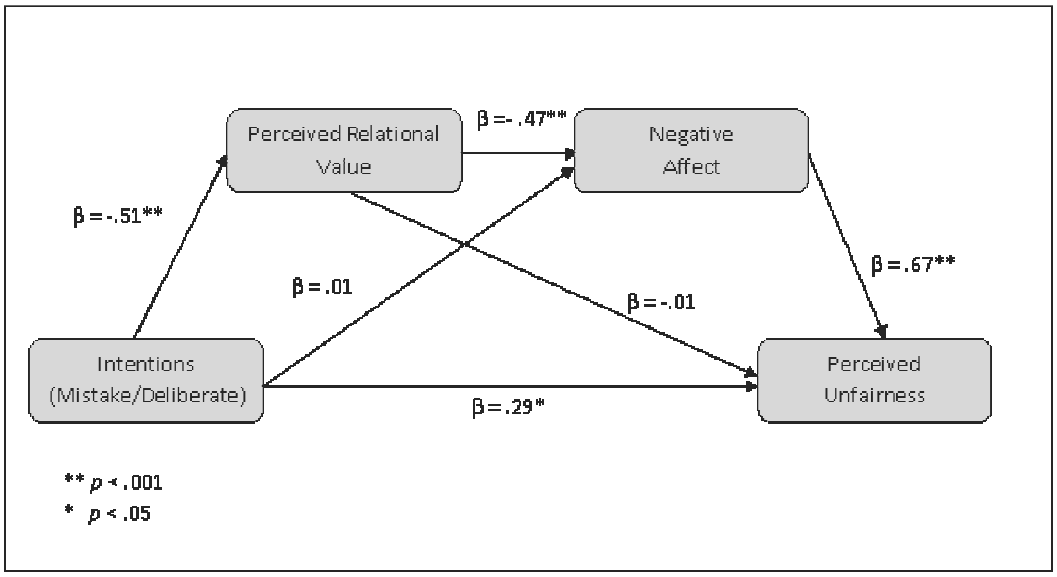
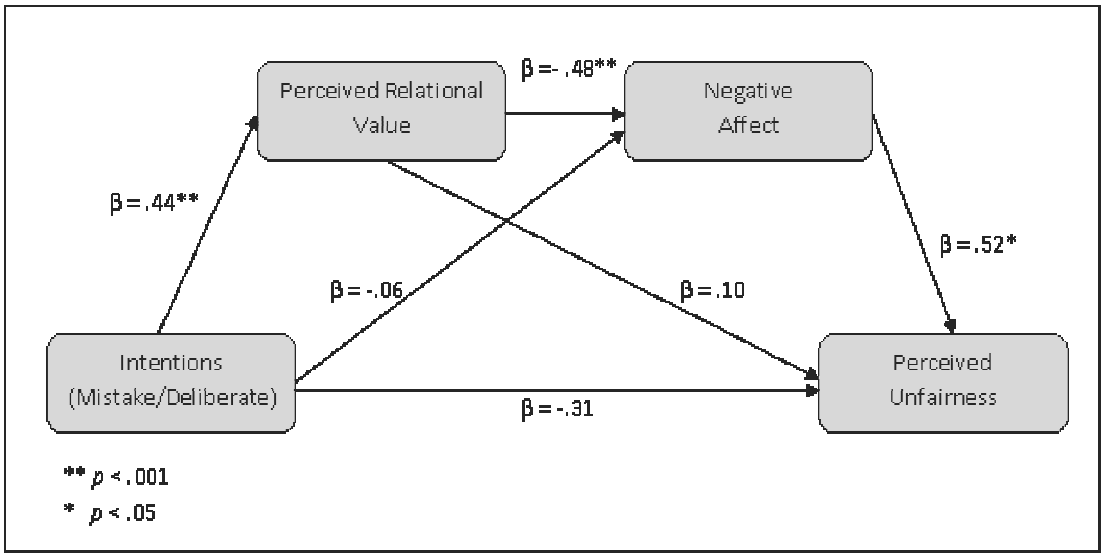


Figure 13: Study 4 Mediation Analysis within *Advantageously* Inequitable Conditions – Deliberateness, Relational Value, Negative Affect and Unfairness



3.6.4 Discussion.

This study tested the generalizability of the conceptual framework across different types of inequitable price comparisons. That is, it examined whether the inferences that consumers make about *why* they received a different outcome than the referent standard influenced the perceived unfairness of *advantageous* inequities as well as *disadvantageous* inequities. It more specifically tested the predictions that deliberate advantageous (disadvantageous) inequities would be deemed less (more) unfair than mistaken inequities because the inequity communicates high (low) social worth (H1a, H1b, H5a, H5b). The results were consistent with these predictions, demonstrating that the extent to which inequitable comparisons convey identity-relevant information plays an important role in shaping fairness judgments not only in disadvantageously inequitable situations (as shown in Studies 1-3) but also in advantageously inequitable ones.

This study also served as a preliminary test of the mediating role of affect in the proposed

conceptual framework. The results offer statistical support for the predicted sequential mediation of deservingness violations on unfairness perceptions via threat and then negative affect. More generally, they provide initial support for the idea that one reason why inequities that convey self-relevant information, in this case information about one's relational value, influence fairness is because of their influence on affect.

3.7 Study Five

Up until this point, each of the studies has been conducted in a controlled experimental setting. In contrast, Study 5 consisted of a survey conducted with participants recruited from the general North American public. Its primary purpose was to examine the generalizability of the model, and more specifically the proposed mediating role of affect, across both a more diverse sample and a wider variety of purchase situations. Further, whereas the previous experiment examined the role of affect in explaining why deservingness violations that threaten (affirm) one's *relational value* are deemed more (less) unfair than those that do not, this survey focused more generally on testing the proposed paths from both relational value threat *and* personal identity threat to unfairness via negative affect using structural equation modeling (H6a,b). By recruiting members of the general North American population as the sample, this study helped to test the generalizability of the model and to demonstrate that the predicted relationships would hold both beyond a controlled experimental context and across a wide variety of purchase situations.

3.7.1 Method.

Three hundred and seventy-one participants completed the survey (58% female). These participants were recruited via ClearVoice, a survey research panel based in Denver Colorado. The parameters for participant recruitment were set very generally to include members of the general North American public over the age of 18. All participants, upon giving their consent to participate, were asked to vividly recall and describe both an unfair and a fair purchase situation. The order in which they were asked to describe these situations was randomized. Asking participants to describe an unfair/fair purchase situation, rather than simply a fair/unfair pricing situation, allows for a more general examination of whether the predicted relationships hold across a wide variety of justice violations. Following this description, half of the participants were asked to answer the survey questions with regards to the "unfair" purchase situation that they described and the other half with regards to the "fair" situation that they described (i.e., participants only responded to questions about one of the situations). The purpose in dividing the group was to ensure sufficient variance in unfairness perceptions to enable analysis using structural equation modeling. Asking participants directly to describe an (un)fair situation and respond to the questions as they pertained to that situation enabled an examination of the role of both self-threat (self-affirmation) and affect in explaining the *extent* to which a situation is deemed unfair.

3.7.2 Measure Assessment.

Survey questions included measures of unfairness perceptions, inferred relational value, personal identity threat and negative affect. Perceptions of unfairness were measured with three items (to what extent did you find this situation unfair, unjust, fair (reversed)) (α=.94). Perceived

relational value was captured by asking participants to indicate the extent to which the company/salesperson in the purchase situation that they described treated them as though they did not think much of them (reversed), they did not like them (reversed) and they did not respect them (reversed) (α=.96). The achievement-oriented aspect of personal identity threat (i.e., incompetence) was captured by asking participants the extent to which the situation made them view themselves as incompetent, foolish and dumb (α=.92). Finally, negative affect was captured by asking participants the extent to which the situation made them feel unhappy (anchored by "not at all" and "very much so", good (reversed: anchored by "bad" and "good") and positive (reversed: anchored by "negative" and "positive") (α=.93). Notably, to enhance construct validity, the measures for each of these constructs included only items that had been used in previously reported studies in this dissertation, which were originally drawn from existing measures of these constructs in the extant literature.

To further assess the measurement properties of the multi-item constructs, a confirmatory factor analysis model that included all five latent constructs was assessed using maximum likelihood estimation in AMOS. In this model, all items were restricted to loading on their pre-determined factors and all factors were correlated with one another. To evaluate both convergent and discriminant validity, I examined the measurement properties of the constructs within each group (i.e., those asked to describe an unfair situation and those asked to describe a fair situation).

The model estimation suggests that the measurement model has adequate convergent and discriminant validity for both groups. With regards to former, all factor loadings were significant

in both groups (*p*s < .001) and the average variance extracted by each construct was greater than 0.5 within both groups (unfair situation: unfairness (0.67), affect (0.64), relational value (0.65) and incompetence (0.70); fair situation: unfairness (0.62), affect (0.75), relational value (0.66) and incompetence (0.81)). These results suggest that the measures reflect adequate convergent validity. Further supporting this, construct reliabilities across both the unfair and fair groups suggest internal consistency in the items used to capture each measure (Perceived Unfairness: αs = .86 and .82 , Perceived Relational Value: αs = .85 and .85, Incompetence: αs = .87 and .93 , Negative Affect: αs = .84 and .89). With regards to the latter, within both groups, the average variance extracted by each construct exceeds the corresponding squared interconstruct correlation estimates. In other words, the measurement model appears to have adequate discriminant validity given that in both groups the items are more closely associated with the factor that they are intended to capture than with other constructs in the model. Taken as a whole, this assessment suggests that the measurement model is acceptable.

3.7.3 Results.

Having established the validity of the measurement model, I then estimated a structural model to simultaneously test both the proposed path from relational value to unfairness via negative affect and the proposed path from incompetence to unfairness via negative affect. The fit indices suggest acceptable model fit. Specifically, although the chi-square goodness of fit test is significant ($\chi^2_{(371)} = 69.51$, $p < .05$), other fit indices consistently suggest acceptable model fit: comparative fit index (CFI) = .99, incremental fit index (IFI) = .99, standardized root mean residual (SRMR) = .02 and the root square mean error of approximation (RMSEA) = .04. With

acceptable model fit, I proceeded to examine the hypothesized relationships in the model. As predicted, lower perceptions of relational value and incompetence both yielded greater negative affect (βs =-74. and .16, *t*s =-14.51 and 3.53, *p*s < .001). Further, greater levels of negative affect resulted in stronger perceptions of unfairness (β =.95, *t* =23.89, *p* < .001) (Figure 14, Table 1).

To more specifically examine the predicted mediating role of affect in explaining the effect of both relational value and personal identity threat on unfairness perceptions, I also conducted bootstrap analysis in AMOS. Ninety-five percent bias-corrected and accelerated confidence intervals, based on 1000 bootstrap resamples, were calculated for each of the predicted indirect effects. The results supported the predicted mediation. Specifically, they revealed that neither the confidence interval surrounding the indirect effect of *relational value* on unfairness perceptions via negative affect nor the confidence interval surrounding the indirect effect of *incompetence* on unfairness perceptions via negative affect spanned zero (*point estimates*: .70 and .15; $CIs_{95\%}$: .62 to .80 and .05 to .25). These results thus support the idea that affect plays an important role in explaining why unfair situations that convey self-threatening (self-affirming) information about either one's relational value or one's personal identity are deemed more (less) unfair.

Figure 14: Study 5 - Model Estimation

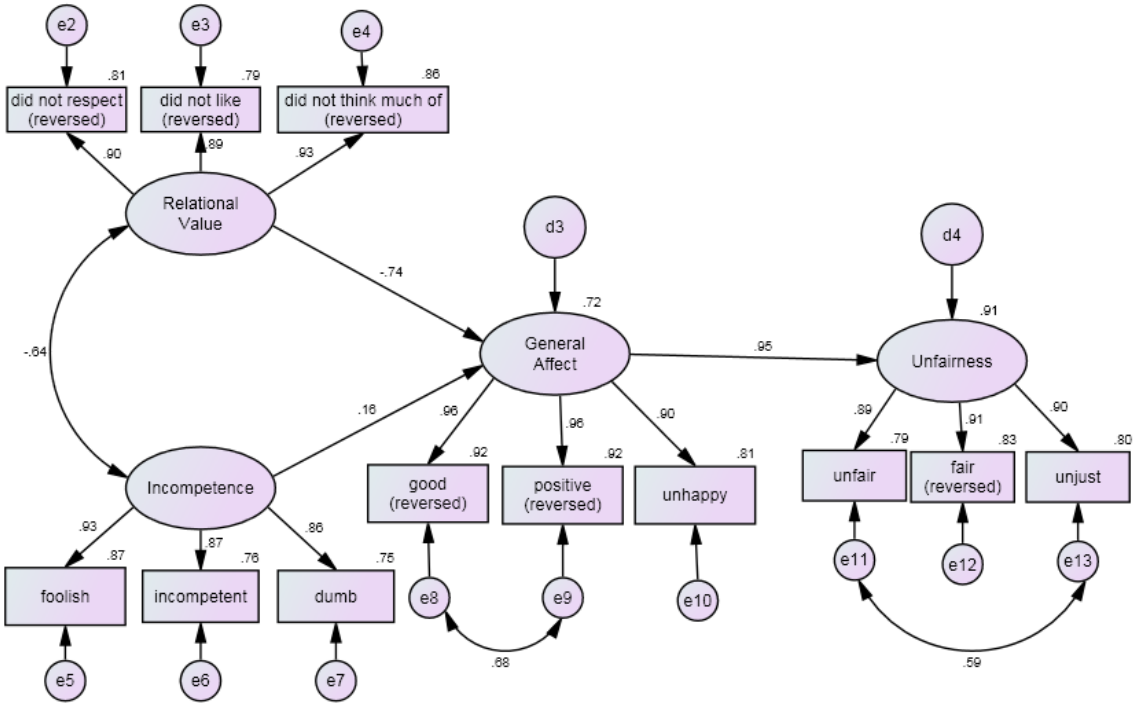


Table 1: Study 5 - Results of Model Estimation

Proposed Relationship	**Std. Path Coefficient**	**t-value**	**Significance**
Relational Value → Negative Affect	-.74	-14.51	$p < .001$
Incompetence → Negative Affect	.16	3.53	$p < .001$
Negative Affect → Unfairness Perceptions	.95	23.89	$p < .001$
Fit Indices			
Incremental Fit Index (IFI)	.99		
Comparative Fit Index (CFI)	.99		
Standardized Root Mean Residual (SRMR)	.20		
Root Mean Square Error of Approximation (RMSEA)	.04		

3.7.4 Discussion.

This study focused on examining the predicted role of affect in explaining why self-threatening (self-affirming) deservingness violations are deemed more (less) unfair than those that are less self-relevant. Specifically, it tested whether purchase situations that threaten (affirm) either one's perceived relational value or one's personal identity are deemed more (less) unfair via their influence on negative affect. The results were consistent with the predicted relationships presented in the overarching framework, offering support for the predicted mediating role of affect in explaining the influence of self-threatening (self-affirming) information on fairness judgments (H6a,b). As such, these results support the findings from the previous study (i.e., that affect mediates the effect of self-relevant information on fairness judgments), but importantly demonstrates that the effect holds across information pertaining to both one's perceived relational value and self-competence. Importantly, these results also demonstrate that the proposed relationships generalize across a broader sample (i.e., those recruited from the general North American population rather than undergraduate students), across a wider range of purchases (e.g., cars, appliances, houses, can of soda, grocery order, clothing), and across a wide variety of distributive (e.g., price, broken products), procedural (e.g., return policies) and interactional injustices (e.g., unpleasant interpersonal treatment).

These results, when taken in conjunction with those from previous studies, offer consistent overarching support for the proposed framework. Each study tests particular relationships within the proposed model but together they provide a fairly comprehensive test of the model. Specifically, these studies collectively demonstrate that self-relevant information conveyed via undeserved outcomes (be it in terms of perceived relational value or personal

identity) has corresponding effects on unfairness perceptions via experienced negative affect. Absent from these studies, however, is specific consideration for the way in which affect is expected to influence fairness judgments – by serving as an informational input. The final study investigates this issue.

3.8 Study Six

A core argument underlying the current model is that the way in which affect influences fairness judgments is by serving as an informational input (i.e., affect-as-information). As such, in this final study, I aim to more specifically examine whether this proposed *process* is indeed a way in which affect influences fairness judgments. To do so, I draw on the affect misattribution paradigm. This body of work consistently shows that individuals often mistakenly attribute the affect triggered by one source to another unrelated source (Pham 2008; Schwarz 1990; Schwarz and Clore 1996; Schwarz and Clore 1988). That is, they use feelings elicited by one event to inform unrelated evaluative judgments (e.g., use the bad mood resulting from a rainy day to infer lower life satisfaction). This, however, has been shown to primarily occur only in cases where the unrelated affect is unattributed to another source (i.e., the bad mood has not been attributed to the rain) (Schwarz and Clore 1983).

Building on this premise, in the current study, I experimentally manipulate incidental affect (e.g., good mood or bad mood prime), mood attribution (i.e., whether the individual has an opportunity to attribute the incidental affect to the manipulation) and the degree to which the undeserved outcome conveys self-threatening information. To the extent that consumers are only

likely to misattribute *unattributed* affect to an evaluative judgment, the incidental affect introduced in the experimental manipulation should only be reflected in the fairness judgments of those who did not have an opportunity to attribute their affect. That is, only these individuals should use their feelings to inform their fairness judgments, and these feelings should have a corresponding effect on perceived unfairness. Notably, based on the argument that self-relevant. unexpected outcomes make feelings more accessible, the effect of unattributed incidental affect on unfairness should be significantly larger to the extent that the undeserved outcome conveys self-threatening information. This approach, in contrast to the previous two studies, provides a direct manipulation of affect and, as such, a more direct assessment of its causal role in shaping unfairness judgments (i.e., assessing whether consumers use affect to inform their fairness judgments). Overall, it aims to provide both theoretical *and* statistical support for the proposed mediating role of affect in explaining the influence of self-relevant price inequities on fairness judgments.

3.8.1 Method.

Three-hundred and eighty-four students (57% female) participated in this study in exchange for course credit. The study consisted of a 2(Mood: Good, Bad) x 2(Mood Attribution: Attributed, Unattributed) x 3(Deservingness Violation: Threatening, Non-Threatening, No Violation) between subjects experiment with three additional control conditions, where participants were exposed to each of the Deservingness Violation conditions (Threatening, Non-Threatening, No Violation) and a neutral mood manipulation.

All participants were invited into a classroom to participate in this experiment. As they

arrived, half the participants were re-directed to a different classroom to create the illusion that students were going to be assigned to different roles. All students, in both classrooms, were then told that their group had been randomly assigned the role of "Receiver" and that the other group had been assigned the role of "Divider". They were told that all of the Dividers in the other room had been given $5 of research funding to divide between themselves and one of the Receivers.

Participants in the Non-Threatening and No Violation (i.e., Equity) conditions were told that Dividers would proceed to divide the money without knowing who they would be splitting it with. Dividers' allocation decisions would then be randomly assigned to participants (the Receivers) by the experimenter (Appendix G - Divider Decision form). While participants were waiting for Dividers to split the money, they were told that they would be completing two short, unrelated studies. The first study involved describing a personal value that was important to participants and why.

Participants in the Threatening condition completed the same studies. The purpose of the first study, however, was explained differently. Specifically, participants were told that they would first be assigned to a Divider who would then split the money between the two of them. To make the assignment procedure as personal as possible, participants' response to the personal value study would be provided to the Divider they were assigned, who would read the description before deciding how to split the money.

In all Deservingness Violation conditions, participants completed the second short study prior to finding out how Dividers had split the $5. This study constituted the mood manipulation. Participants watched a 5-minute clip of the sitcom *Friends* (Good Mood manipulation), a 5-

minute clip of the movie *Life as a House* depicting a man being fired (Bad Mood manipulation), or a 5-minute clip of a Maya documentary (Neutral Mood manipulation). The clips used to prime Good and Bad Mood have been successfully used in prior studies (Andrade and Ariely 2009; Cohen and Andrade 2004), and these studies have also used documentaries as neutral controls. Participants then completed a brief questionnaire asking them to rate the clip they viewed along several dimensions (e.g., audio and video quality). Participants in the attribution conditions were specifically asked to indicate how the clip made them feel (Appendix H - Mood Manipulation surveys).

While the students completed this study, a research assistant came into the room with the Divider decision forms (i.e., a form that was supposedly completed by the Dividers in the other room indicating the division of research funds but was actually completed by a research assistant). Those in the Threatening Violation conditions received their original questionnaire back with a Divider form attached indicating that the Divider had decided to give them $0 out of the possible $5 total. Those in the Non-Threatening Violation conditions were randomly given a Divider form indicating that the Divider had decided to give them $0 out of the possible $5. The former situation was expected to be deemed significantly more threatening than the latter because of the more personal basis of the allocation (i.e., Divider "read" the personal values form questionnaire vs. a random allocation). Finally, those in the No Violation condition were randomly given a form indicating that the Divider had decided to give them $2.50 out of the $5.

Consistent with earlier findings, I predicted a main effect of Deservingness Violation such that the Threatening violation would be more unfair than both the Non-Threatening and No

Violation conditions, and that the Non-Threatening violation would also be more unfair than No Violation. More importantly, however, was the expected interaction. Specifically, I expected that participants who did *not* have an opportunity to attribute the affect created by the Mood manipulation to adjust their fairness judgment in a manner corresponding to the valence of the Mood manipulation. Those in the Unattributed Good Mood conditions should deem the situation significantly less unfair, while those in the Unattributed Bad Mood conditions should deem the situation significantly more unfair. Attribution was predicted to remove the effects of the Mood manipulations, consistent with the misattribution paradigm (Andrade and Ariely 2009; Cohen and Andrade 2004).

I did, however, expect the effects of unattributed mood on fairness to primarily occur in the Threatening conditions. Participants should be most likely to consult their feelings when an unexpected outcome has self-relevant implications. Both the non-threatening violation and no violation conditions should be relatively free of affect, and therefore affect is expected to be considered less relevant to participants' overall assessments of unfairness.

3.8.2 Measures.

Unfairness and negative affect were captured using identical or very similar items to those used in the previous studies (Unfairness: unfair, fair (reversed), reasonable (reversed) (α = .91); Negative Affect: sad, happy (reversed), disappointed, upset, good (reversed), positive (reversed) (α = .94).

3.8.3 Results.

3.8.3.1 Manipulation Checks.

The majority of participants correctly identified the amount of money that they had been given by the Divider (98%, ($\chi^2(1) = 3.60$, $p < .001$) and whether they were specifically assigned to a Divider (who read their personal value description) or not (96%, ($\chi^2(1) = 3.26$, $p < .001$). There was evidence that the Mood manipulation worked as intended ($F(1, 377) = 159.09$, $p < .05$). Specifically, when asked to indicate how the video clip made them feel on a 7-point semantic differential scale anchored by bad and good, those in the bad mood condition indicated feeling significantly worse than those in both the neutral and good mood conditions (*M*s = 2.53 vs. 3.73 and 2.53 vs. 4.84, *p*s < .01). The difference between good mood and neutral mood manipulations was also significant (*M*s = 3.73 vs 4.84, *p*s < .01).

3.8.3.2 Unfairness and Affect.

An initial ANOVA revealed the expected main effect of Deservingness Violation ($F(1, 307) = 461.46$, $p < .001$) on perceived unfairness. Post-hoc analyses (LSD) revealed that those in the Threatening Violation conditions deemed the situation significantly more unfair than both those in the Non-Threatening Violation and No Violation conditions (*M*s = 6.21 vs. 5.20 and 1.30, *p*s < .001 and < .001). Unfairness was also higher in the Non-Threatening Violation conditions than the No Violation conditions (*M*s = 5.20 vs. 1.30, $p < .001$). These results are consistent with the premise that inequity is more unfair than equity, but that threatening inequity is even more unfair.

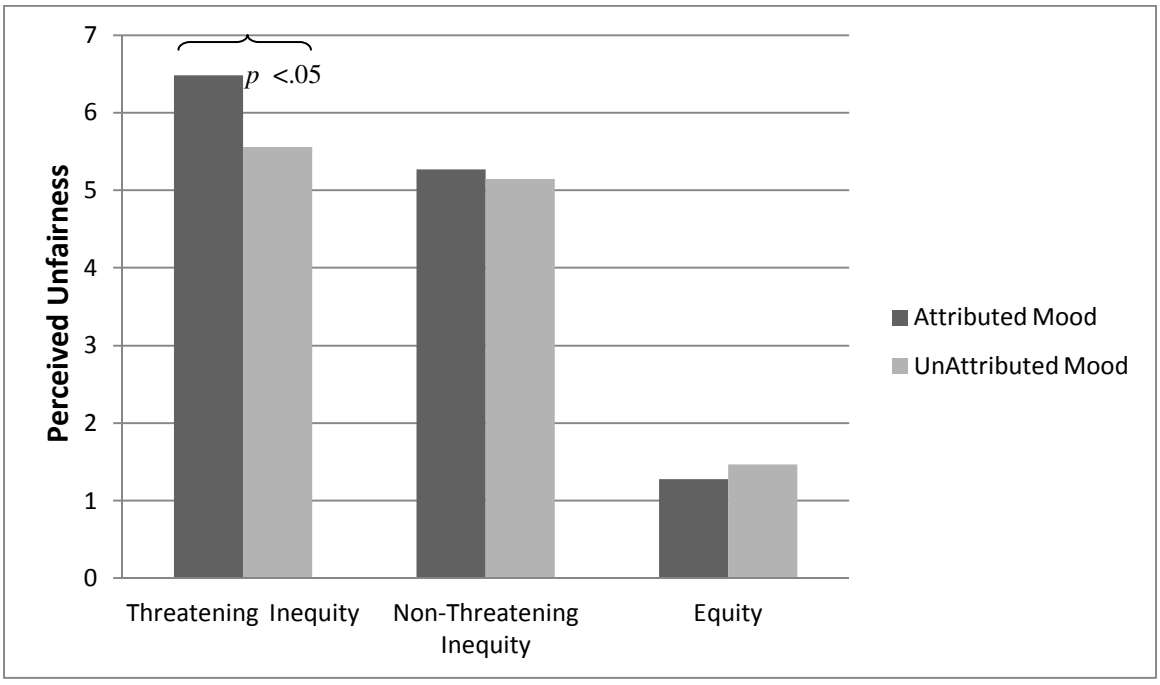
The results also showed the predicted three-way interaction on unfairness ($F(1, 307) = 3.73$, $p < .05$). Follow-up analyses showed that, in the Threatening Violation conditions, unfairness was reduced by unattributed positive mood (vs. attributed positive mood) (Ms = 5.56 vs. 6.40; $F(1, 307) = 8.23$, $p < .01$) (Figure 15). This is consistent with the prediction that positive incidental affect should reduce the perceived unfairness of identity-threatening inequities by reducing thenegative affect that can inform the overall fairness judgment. This effect, however, was not detectable in the Bad Mood conditions. There was no significant difference between those who did and did not have an opportunity to attribute their negative affect ($p > .1$), most likely due to a ceiling effect on these means. Notably, participants in both the Non-Threatening Violation and No Violation conditions appeared to be unaffected by either the mood manipulation (good vs. bad) or the Attribution manipulation (ps > .01).

Following, I conducted an ANOVA to examine whether the independent variables influenced the nature of the affect experienced by participants. The analysis revealed main effects of both Deservingness Violation and Mood on negative affect (Fs(1,307) = 207.67 and 4.40, ps <.001 and <.05). LSD post-hoc follow-up tests to the main effect of Deservingness Violation showed that Threatening Violations led to more negative affect than both Non-Threatening Violation and No Violation (Ms = 4.85 vs. 4.22 and 1.43, ps < .001 and <.001), and Non-Threatening Inequity led to more negative affect than Equity (Ms = 4.22 vs. 1.43, $p < .001$). The main effect of Mood showed that the negative mood manipulation led to more negative affect than the positive mood manipulation (Ms = 3.62 vs. 3.10, $p < .01$). Taken together, these results support the idea that inequitable situations that are Threatening lead to more negative

affect than those that are Non-Threatening or Equitable, and that incidental mood is capable of altering the affective experience of a subsequent situation.

Consistent with expectations, the Affect Attribution manipulation had no significant influence on reported negative affect and did not interact with either of the other two manipulated factors. These results align with the logic that the Attribution manipulation should simply vary whether participants rely on their feelings to inform their judgments (rather than actually influencing their feelings about the situation).

Figure 15: Study 6 - Attributed Affect and Threat in Good Mood Conditions



3.8.3.3 Mediation Analysis.

I conducted two mediation analyses. The first was designed to examine whether the effect of Deservingness Violation (Threatening vs. Non-Threatening) on unfairness was mediated by negative affect. Bootstrap analysis showed that the confidence interval surrounding the indirect effect of Deservingness Violation on unfairness did not span zero (*point estimate*: .38; $CI_{95\%}$: -.15 to .66), supporting the predicted mediation. Specifically, the results support the idea that threatening inequities lead to more negative affect, which then has a corresponding effect on unfairness perceptions.

The second analysis was designed to examine the effect of the induced mood on unfairness within Threatening Deservingness Violation conditions. Specifically, it tested whether the effect of the mood manipulation on unfairness within Threatening Deservingness Violation conditions was mediated by affect and moderated by Attribution. To examine these relationships, I conducted a bootstrap analysis using Hayes (2012) Process Macro model 14. This model involved one independent variable (Mood: Bad vs. Good), one mediator (Negative Affect), one dependent variable (Perceived Unfairness) and one independent variable moderating the path between the mediator and the dependent variable (Attribution of Affect: yes vs. no). The results of the analysis revealed a significant interaction of Attribution and Negative Affect on perceptions of unfairness (t =-2.07, $p < .05$). A closer look at the ninety-five percent bias-corrected and accelerated confidence intervals showed that, in the case of the Good Mood manipulation, the confidence interval surrounding the indirect effect of negative affect on perceived unfairness did not span zero when participants did not have an opportunity to attribute

their affect (*point estimate*: .21; $CI_{95\%}$: .02 to .51). These results are consistent with the expectation that people use unattributed incidental affect to inform subsequent judgments. More specific to the current framework, they support the idea that threatening deservingness violations lead consumers to consult their feelings when forming their fairness judgments. As would be expected given earlier results, in the case of the Bad Mood manipulation, the confidence interval did span zero (*point estimate*: .07; $CI_{95\%}$: -.02 to .23).

3.8.4 Discussion.

This final study focused on examining the predicted mediating role of affect in explaining why self-threatening deservingness violations are deemed more unfair than those that are less self-relevant. Specifically, it took steps to test the predicted process by which affect influences perceptions of unfairness – by serving as an informational input. To do so, the study included a direct manipulation of the proposed mediator (i.e., affect) and, as such, the results offer *both* experimental and statistical support for the predicted path and process (H6a,b). When in a good mood, participants in the Threatening Violation condition deemed the situation significantly less unfair when their mood was unattributed. In the non-threatening conditions (both Non-Threatening Violation and No Violation), there was no effect of incidental mood, consistent with the idea that affect should be largely irrelevant. These results are consistent with the notion that consumers are more likely to consult their feelings in the context of threatening inequity than in non-threatening or equitable situations. The mediation analysis provided further support by

showing that the opportunity to attribute affect moderated the influence of affect on unfairness. Notably, however, I was not able to replicate these results in the negative mood conditions, where unattributed negative mood was predicted to increase the effect of threatening inequity on unfairness. The most apparent explanation for this was a ceiling effect on the unfairness measure. When negative mood was attributed (the condition predicted to be least unfair), participants' ratings of unfairness were over six on a seven point scale, leaving little room to show a statistically significant increase. These high means were not unique to these conditions: participants in the threatening inequity conditions previously exposed to a positive mood manipulation also rated unfairness over six on a seven point scale when the positive mood was attributed. The difference in this case was that not attributing the mood to its actual cause lowered perceptions of fairness, rather than raised them, and was therefore detectable.

In the context of the overarching framework, whereas the previous two studies offer only statistical support for the proposed mediating role of affect in explaining the relationship between self-relevant deservingness violations and perceptions of unfairness, the results of this study provide *both* experimental and statistical support. Importantly, demonstrating that unattributed positive incidental affect can mitigate the perceived unfairness of self-threatening inequities, these results also provide some support for the prediction that the way in which affect influences fairness is by serving as an informational input. I now turn to Chapter 4 to discuss these results and those of the previous studies in terms of how, as a package, they influence our understanding of consumers' perceptions of unfairness.

Chapter 4

General Discussion

Given the negative consequences of unfairness, it is important to understand how and why prices come to affect such judgments. Mainstream theories of price fairness (i.e., equity theory and transaction utility theory) emphasize the causal role of price differentials. Yet there is a host of evidence that shows unfairness is moderated by a variety of seemingly disparate factors. The current research provides a conceptual framework that helps integrate these findings and reconcile them with existing theoretical perspectives. It does so by identifying threat as an overarching construct that, when integrated with existing views of price fairness (i.e., price differentials as deservingness violations), can explain variance in fairness judgments that cannot be explained by traditional conceptions of price fairness. Specifically, this work highlights that the self-threatening inferences that consumers make about why their deservingness was violated, in addition to the deservingness violation itself, are central to price fairness judgments. Such threats are shown to make price differentials feel worse and, in turn, these feelings have a corresponding influence on perceptions of price unfairness.

The conceptual framework that was developed in Chapter 2 was examined across seven studies, each of which focused on testing a different subset of the proposed model. Generally, I find overarching support for the relationships set out in the conceptual framework. That is, when taken together, the results support the overarching idea that while price fairness judgments derive from the deservingness violation that typically accompanies inequitable prices, such violations

frequently convey additional, self-relevant information, either about one's relational value and/or personal identity, that contributes to the overall experience of unfairness. That is, price inequities conveying threatening (affirming) information about either or both of these aspects of the self-concept were consistently found to be more (less) unfair than those that did not convey self-relevant information. Further, the combined results of the final three studies offered compelling evidence for the proposed mediating role of affect and, more generally, for the idea that the reason *why* identity-threatening (identity-affirming) price comparisons are deemed more (less) unfair is because they result in intense affect, which is then used to inform consumers' price fairness judgments.

4.1 Implications and Avenues for Future Research

This work makes several contributions to the understanding of theories of fairness and, in doing so, highlights many interesting avenues for future research. Perhaps most importantly, by integrating literature from organizational psychology and marketing, this work offers an organizing framework for understanding the basis of price fairness judgments. Specifically, it outlines the psychological processes that drive fairness judgments in the context of price comparisons and explicitly investigates the relationships between deservingness violations, deliberateness, self-blame, identity threats (relational value and personal identity), affect and perceived unfairness. The precise relationship between these variables is often assumed in the extant literature, rather than explicitly tested. In fact, dominant theories of distributive justice (equity theory and transaction utility theory), allow no role for threat in fairness judgments. Further oftentimes these assumptions are embedded in the theories of fairness themselves. For

instance, equity theory implicitly assumes that unfairness *is* receiving an undeserved outcome (Adams 1965) and, as such, allows no role for threat in fairness judgments. The component model of fairness implies that distributive injustice and interactional injustice, by definition, are distinct from one another (Colquitt et al. 2001; Colquitt 2001). Further, much of the work in fairness assumes that only attributes of other-oriented blame are important to fairness judgments (Folger and Cropanzano 2001) and that affect is a consequence of perceived unfairness rather than a factor influencing these judgments. Finally, existing work tends to focus almost exclusively on disadvantageously inequitable price comparisons. This dissertation challenges many of these assumptions and, as such, has significant theoretical implications for how we understand and study fairness perceptions both within the context of marketplace exchange and more broadly as well. I now turn to discuss each of these respective issues, taking care to discuss any related managerial implications and to highlight associated avenues for future research

4.1.1 Deservingness and Fairness Judgments.

Existing mainstream theories of price fairness such as equity theory and transaction utility theory include no role for consumer inferences beyond perhaps those outcomes and inputs that are unknown (such as seller costs; Bolton et al. 2003). Fairness is considered simply a question of whether one's outcome, or more specifically one's outcome to input ratio, is the same as some pertinent comparison. In other words, these theories suggest that paying a disadvantageous price relative to another consumer is unfair *because* it violates one's deservingness (e.g., Adams 1965; Oliver and Swan 1989). Across these frameworks, the *reasons* why the deservingness violation occurred are not considered. Some more recent work based on these theories of fairness has

examined reasons, such as sellers' inferred motive for setting high prices and attributions of responsibility for cost-based price increases (Campbell 1999; Vaidyanathan and Aggarwal 2003), but this work implies that such inferences are important *because* they help consumers assess whether seller profits are reasonable, not because they might convey threatening information. Such inferences are also typically shown when consumers are provided with information beyond just prices (e.g., information that indicates whether the seller would benefit directly from the high price; Campbell 1999), which makes it difficult to know whether prices alone could cause the kind of threatening inferences that are shown in the current work to contribute to the overall experience of unfairness.

The current research thus contributes to our understanding of unfairness by demonstrating that the inferences consumers draw about why deservingness was violated may have a supplementary effect on unfairness; in particular when they threaten or affirm consumers' identity. In other words, it finds that violations of deservingness are integral to perceived unfairness, but that a more nuanced relationship between price inequities (i.e., violations of deservingness) and perceived unfairness exists. To the extent that consumers infer that the price inequity conveys threatening information about important aspects of the self-concept (i.e., relational value and personal identity), they will deem the situation unfair. In contrast, inequities that convey self-affirming information will reduce perceived unfairness. Notably, the results of the current studies also suggest that consumers may *naturally* draw inferences about their relational value and competence from undeserved price inequities.

The finding that consumers' fairness judgments reflect both *whether* and *why* their

deservingness was violated has meaningful strategic implications for marketers. First, it stresses the importance of minimizing the likelihood that consumers will see their price as a violation of deservingness. That is, it suggests that marketers should strategically manage the comparison standards that consumers are likely to use to assess deservingness. One way to do so is to minimize the availability of lower referent standards (e.g., mitigate consumers' opportunities to directly compare their price to that of a lower-paying consumer). This is increasingly difficult to manage given the prevalence of online forums dedicated to price comparison shopping (e.g., RedFlag Deals, Shopbot.ca), but marketers can minimize consumers' opportunity to engage in *direct* comparisons with others by introducing value-adding policies such as price-matching, loyalty reward programs and effective service packages that reduce transaction similarity across purchase situations. This reduction in transaction similarity should make it more difficult for consumers to engage in a direct comparison, and so reduce the likelihood that this other transaction will be deemed an appropriate referent standard (Haws and Bearden 2006). Another strategy would be to strategically offer higher-priced referent standards for consumers to use (e.g., higher price at another store, list the selling price below the suggested manufactured retail price). This would help to minimize perceptions of deservingness violations by altering perceptions of the deserved price.

In cases where consumers do feel that they have received less than they deserve, steps need to be taken to reduce the self-threatening nature of the violations. To do so, firms may want to actively attribute price discrepancies to reasons that do not speak to their relationship with the consumer (e.g., loyalty status of the other consumer, new standards and regulations, offsetting

cost increases). Firms may also want to take steps to ensure that consumers feel competent about their choices (e.g. smart-shopper rewards). While some of these strategies have been previously noted in the literature as a means to reduce perceived unfairness (e.g., loyalty status: Darke and Dahl: 2003; offsetting costs: Kahneman, Knetsch and Thaler 1986a), the current work offers a clearer perspective on why such steps may be effective. That is, not only may they reduce the perceived inequity by offering legitimate inputs to justify the discrepancy between selling price and reference price but they also mitigate any potential self-threat associated with the gap.

Along similar lines, this work also offers insight about *why* certain service recovery efforts have been found to be more effective than others in terms of their capacity to restore perceived justice, enhance customer satisfaction and trigger positive word-of-mouth. For instance, consider how the extant literature on service failures finds that an apology together with a material remedy mitigates perceived unfairness more so than simply compensation (Goodwin and Ross 1992; Mattila and Patterson 2004). Little explanation is offered for why this might occur. However, interpreting these findings from the current perspective suggests that a material compensation combined with an apology remedies not only the deservingness violation (addressed via compensation) but also any potential self-threat associated with such a violation (addressed via the apology). This insight as to why such recovery efforts are effective will enable marketers to develop more precise strategies for addressing service failures. It highlights a need to better understand both what aspects of the consumer's self-concept are likely to be threatened by particular service failures, and what strategies are effective in restoring the consumers' sense of self.

4.1.2 Distributive and Interactional Justice.

This dissertation also challenges the dominant understanding of the three-component model of justice. To date, research on fairness and the self has focused primarily on procedural justice concerns, noting that procedures convey social evaluations more than outcomes (Vermunt et al. 2001) and that relational concerns are only important to distributive justice through procedural justice (Tyler 1994). Furthermore, interactional justice is, by definition, treated as distinct from distributive justice, with little consideration for how outcomes may inform assessments of interpersonal treatment. However, by integrating this work with the price fairness literature, I argue that inequitable price comparisons may convey self-threatening (or self-affirming) information to consumers and that these assessments influence perceived unfairness. Specifically, I argue that distributed outcomes may convey meaningful information about both one's interpersonal treatment (and, by extension, one's relational value) and one's personal identity. The logic here is that, like other forms of social comparisons, price comparisons are used by consumers as a means to learn about different facets of self (Goethals and Darley 1977). To the extent that such self-knowledge is threatening, the price inequity will be deemed particularly unfair. In cases where the self-knowledge is affirming, however, the unfairness associated with the price inequity should be reduced.

The idea that distributive justice violations may convey information about interpersonal treatment, which is typically associated with interactional justice judgments, runs against much of the work on fairness in marketing which typically treats distributive, procedural and interactional justice as distinct components of fairness judgments. It calls into question the logic

of creating clear delineations between distributive, procedural and interactional justice and highlights a need to reconsider the structure of fairness judgments and the underlying process that drives fairness perceptions.

4.1.3 Perceived Unfairness and Attributions of Blame.

Traditional conceptualizations of distributive, procedural, and interactional justice do not explicitly acknowledge the role of blame in judgments of fairness. But other-oriented blame is frequently cited as an important element (perhaps even necessary condition) of unfairness (Folger and Cropanzano 2001; Mikula 2003). In contrast to distributive violations, procedural and interactional violations implicitly include elements of blame. Procedures are established and enacted by someone, and individuals who act inappropriately, almost by definition, are to blame. The current research contributes to the idea of how blame relates to fairness in two ways: first, it suggests that *self-oriented* blame can be an important determinant of fairness too; because both self- and other-blame for undeserved outcomes can be threatening. Second, it suggests that blame is not a requirement for unfairness, but instead contributes to unfairness when blame, either other or self-oriented, is threatening.

The notion that attributions of self-blame may exacerbate the perceived unfairness of price comparisons by threatening personal identity has important implications for fairness research. Specifically, it suggests that fairness concerns are much more broadly applicable to price comparisons than what is typically studied. The extant literature tends to focus on price fairness perceptions in within store contexts (e.g., a store increases their price: Kahneman, Knetsch and Thaler 1986a; two consumers pay different prices at the same store: Bolton, Keh

and Alba 2010). As such, they tend to imply that the price discrepancies are a result of deliberate actions taken by the seller. Further, this work typically focuses on regular prices. The current work, however, suggests that consumers may perceive disadvantageous price discrepancies as particularly unfair (i.e., beyond what I would expect based on deservingness violations) even in cases where another consumer bought their product at a different store or paid a sale price. The logic here is that in such cases a consumer may deem the situation particularly unfair if they blame themselves for paying the higher price. This work, particularly in light of the negative downstream effects of perceived unfairness, thus highlights a need to broaden the contexts in which we examine price fairness judgments.

Additional work is also needed to understand whether certain exchange factors moderate the extent to which self-blame enhances the self-threat conveyed by a deservingness violation. In the current work, I examined the role of self-blame in shaping unfairness perceptions via its influence on perceived personal identity threat by varying aspects of the exchange that were expected to influence the extent to which the consumer would feel as though they could have done better (e.g., whether they could have taken advantage of a lower sale price at another store: Study 4). However, this raises the question of whether certain exchange factors enhance or mitigate the degree of incompetence triggered by attributions of self-blame. For instance, it seems likely that the effect of self-blame on personal identity threat may be exacerbated in a public (vs. private) shopping environment or when making certain types of purchases.

4.1.4 Personal Identity - Competence and Conscience.

In this dissertation, I have exclusively focused on the competence component of personal identity. Specifically, I have discussed how inequitable prices may be deemed particularly unfair if consumers feel as though their lack of knowledge (i.e., beliefs that they should have known better) contributed to their relatively higher price. The emphasis on the competent component of personal identity throughout the dissertation led to the expectation that deservingness violations would most likely convey threatening information about one's personal identity (i.e., beliefs of incompetence) in disadvantageously inequitable situations. The logic here being that paying more than referent standard is more likely to undermine one's sense of competence than paying less than a referent standard. As noted in Chapter 2, however, personal identity relates to individualized goals of not only achievement (e.g., competence, mastery) but also conscience (Skitka 2003, 288; Mayer et al. 2009; James1890). From this broader perspective, it seems likely that under certain circumstances receiving an undeserved advantageous outcome (i.e,. an advantageously inequitable situation) may in fact threaten this other important aspect of personal identity - one's values, sense of moral authenticity and/or conscience. For instance, benefitting at the expense of a disadvantaged individual may imply a violation of values and so convey threatening information about one's personal identity. In such cases, I would expect the predictions outlined earlier to hold. That is, consistent with H4, I would expect advantageous inequities to be deemed unfair to the extent that they convey threatening information about the consumers' personal identity. More research is needed to examine such situations.

Adopting a broader perspective of personal identity threats, one that includes considerations for conscience and moral authenticity, also offers a new perspective on

understanding one of the core distributive justice principles - "need" (Deutsch 1975). As noted earlier, equity theory is one particularly dominant theory of distributive justice, which argues that fairness occurs when one's outcome/input ratio is equal to that of the referent standard. Implicit in this theory is that apportioning outcomes based on outcome/input ratios is an appropriate principle of distributive justice. Although psychological equity is a dominant principle of distributive justice, extant work also identifies equality (i.e., outcomes allocated equally to all individuals) and need (i.e., outcomes allocated according to need) as other rules that may be used to allocate outcomes fairly (Deutsch 1975). This stream of research investigates when individuals are likely to rely on the respective principles to assess distributive justice and identifies situations in which needs-based or equality-based allocations, although inequitable, are deemed significantly less unfair than one would expect given the inequity (e.g., Leventhal 2006). The current work offers a new perspective for understanding why needs-based allocations may be deemed less unfair than other comparable inequities. Specifically, it suggests that one reason why needs-based allocations may be deemed less unfair than similar inequities is because they convey self-affirming information about one's personal identity. That is, in a situation of needs-based allocation, paying a relatively high price (i.e., a disadvantaouges inequity) may affirm one's sense of moral authenticity and conscience, thus boosting one's perceived personal identity and reducing perceived unfairness. In contrast, paying less than a disadvantaged person (i.e., an advantageous inequity) may be deemed relatively unfair because it violates one's values and conscience (i.e., represents a personal identity threat). As noted earlier, additional research is

needed to examine this more values-based component of personal identity in terms of how it relates to fairness judgments.

4.1.5 Consequences of Self-Threats

This dissertation identifies two distinct aspects of the self-concept that can be affected by deservingness violations. As such, it raises the question of whether the nature of the self-threat differentially influences the downstream consequences associated with the perceived unfairness. The focus of this dissertation was to investigate self-threats as potentially important bases for fairness judgments that ultimately help to understand why certain price inequities are deemed more or less unfair than others. As a result, the emphasis was on demonstrating how certain exchange factors influence fairness judgments via their influence on self-threats (relational value threats and personal identity threats) and, subsequently, affect. However, as noted earlier, unfairness has been associated with numerous negative consequences such as anger, lower customer satisfaction, more negative word-of-mouth, complaining and retaliatory behaviours, and reduced repurchase intentions (Bolton, Keh and Alba 2010; Campbell 1999; Hermann, Xia, Monroe and Huber 2007; Homburg, Hoyer and Koschate 2005; Huppertz, Arenson and Evans 1978; Porath, MacInnis and Folkes 2011; Sen, Gurhan-Canli and Morwitz 2001; Xia, Monroe and Cox 2004). Do consumers' reactions to price inequities vary depending on whether the deservingness violation conveys threatening information primarily about one's relational value or one's personal identity? Further research into the specific consequences of such self-threats would be invaluable for managers seeking to mitigate these effects.

4.1.6 Affect and Fairness Judgments.

This dissertation also examined the influence of affect in shaping fairness judgments. Consideration for the role of affect in shaping fairness judgments is surprisingly limited (Cropanzano, Stein and Nidicki 2011). The majority of research that does consider the relationship between affect and fairness tends to consider emotion as a downstream effect of fairness perceptions (e.g., Barclay, Skarlicki and Pugh 2005; Bolton, Keh and Alba 2010; Mikula, Scherer and Athenstaedt 1998; Weiss, Suckow and Cropanzano 2008). In other words emotions such as guilt, anger, hostility and shame are treated as a consequence of perceived unfairness (Barclay, Skarlicki and Pugh 2005). The current work, however, challenges this dominant logic by arguing that consumers' affect may also shape fairness judgments. Specifically, it suggests that consumers may use affect to inform their fairness judgments and are particularly likely to do so when an inequitable price comparisons conveys identity-relevant information.

Across the final three studies, I find consistent support for the idea that the self-relevant information conveyed via price inequities influences perceived unfairness because such situations lead to intense affect, which then has a corresponding influence on the fairness judgment. Study 6 explicitly examined the proposed process (i.e., feelings as information) and found support for the idea that individuals do consult their feelings to assess the relative unfairness of price inequities. Specifically, it examined whether the effect of incidental mood on perceived unfairness varied depending on whether participants had an opportunity to attribute any affect generated by the mood manipulation. I expected any unattributed positive (negative) affect generated by the incidental mood manipulation to mitigate (enhance) perceived unfairness,

particularly in the case of threatening price inequities. Implicit here was the assumption that participants who did not attribute affect following the mood manipulation would treat both the integral affect stemming from the allocation *and* the incidental affect stemming from the mood manipulation as diagnostic of the degree of unfairness. The logic here is based on the notion that individuals tend to assume their feelings are representative of the target unless they have specific information to the contrary (Schwarz 1990). Consistent with this logic, participants exposed to the *good* mood manipulation did seem to treat both unattributed incidental affect and integral affect as diagnostic of the degree of unfairness (i.e., those in the unattributed good mood condition deemed the threatening inequity significantly less unfair than those who attributed the incidental affect). Notably, however, participants exposed to the bad mood manipulation did not appear to do so. That is, there was no evidence that they used the unattributed incidental affect to inform their fairness judgment. As noted in the Discussion section of Study 6, there was likely a ceiling effect in these cases. However, there may be an alternative explanation. That is, it is perhaps possible that the affect triggered by the bad mood manipulation was not perceived as diagnostic of the judgment, and so consumers did not use these feelings to inform their fairness judgment. This potentiality identifies an interesting avenue for future research – the influence of specific emotions on unfairness perceptions.

One particular limitation of the current work is that it examined the role of affect, quite generally, in explaining the effect of self-threatening (self-affirming) price inequities on unfairness. That is, rather than focusing on specific emotions, it examined how general negative affect helped to understand the influence of identity-relevant information on fairness judgments.

The reason for focusing on the mediating role of affect, rather than specific discrete emotions, was because the focus of the dissertation was on delving into why identity-relevant information influences fairness judgments rather than focusing on the nature of the path between affect and fairness per se. However, having found support for the idea that affect influences fairness judgments, it would be interesting in going forward to investigate how specific incidental emotions influence fairness judgments. What emotions do consumers consider relevant (non-relevant) to their fairness judgments? For instance, it would be interesting to manipulate specific emotions that are expected to vary in the extent to which they are likely to be deemed relevant to the fairness judgments. The effect of a non-relevant mood manipulation on unfairness perceptions should be similar to that of asking participants to attribute incidental affect (i.e., they should not consider the incidental affect diagnostic of the judgment). As such, only those exposed to the relevant emotion manipulation should use their feelings to inform their fairness judgment. This avenue of research would help to identify which emotions are particularly relevant in shaping fairness judgments and to determine whether these emotions differ from those that have been identified as consequences of unfairness. More generally, it would help to disentangle the complex relationship between affect and fairness.

4.1.7 Advantageous Inequity.

To date, the marketing literature focuses almost exclusively on *disadvantageously* inequitable price comparisons however equity theory suggests that advantageous inequities should also be deemed less fair than equity (Adams 1965). Some recent work, though limited, does indeed demonstrate that advantageously inequitable situations vary in the extent to which

they are deemed (un)fair (Xia and Monroe 2010; Varki, Miller and Banerjee 2008). However, given the scarcity of research examining fairness perceptions in the context of advantageous inequities, we currently lack a clear understanding of such judgments. This is perhaps further reinforced, as noted earlier, by the divergent predictions of equity theory and transaction utility theory in such situations (i.e., equity theory predicts that advantageous inequities will be deemed unfair and transaction utility theory predicts that they will be deemed fair).

The current framework offers insight into the issue of fairness judgments in advantageously inequitable situations. Specifically, it suggests that advantageously inequitable price comparisons are likely to be deemed less unfair to the extent that they convey self-affirming information and unfair to the extent that they convey self-threatening information. Or, other words, it suggests that the predictions of equity theory are less likely to hold to the extent that an advantageous inequity conveys self-affirming information. In taking steps to understand what influences the extent to which advantageous inequities are deemed unfair, this work takes steps to disentangle the conflicting predictions of these dominant distributive justice theories. In doing so, it offers a more comprehensive understanding of fairness judgments across both disadvantageous and advantageous inequities.

Notably, in examining advantageous inequities, the current work focuses exclusively on self-affirming, rather than self-threatening, inequities. Specifically, it demonstrates that deliberately inequitable advantageous allocations are deemed less unfair than non-deliberate allocations because they enhance one's perceived relational value (i.e., are self-affirming). The decision to examine the influence of self-relevant information on advantageous inequities by

varying the extent to which the inequity was self-affirming (rather than self-threatening) was based on the idea that advantageously inequitable situations are more likely to convey affirming information about one's perceived social worth or self-competence because they involve downward comparisons,. However, consistent with the previous discussion, the relationship between advantageous inequities and self-threat is almost certainly more relevant when one considers elements of one's personal identity beyond competence – concerns of conscience and moral authenticity. As such, examining situations in which price comparisons threaten the moral component of personal identity presents an interesting avenue for future research that may offer enriched understanding of when the respective predictions of equity theory and transaction utility theory hold in advantageously inequitable situations.

4.1.8 Relationship Importance.

Finally, it is important to discuss the finding that consumers may deem undeserved price inequities more unfair when the outcomes are allocated by valued relational partners. This finding is of particular note because it stands in contrast to previous results, where Campbell (1999) finds that a good reputation may provide insulation against perceived unfairness. The apparent dichotomy in these results, as suggested earlier, may be explained by whether there is sufficient ambiguity in the exchange to facilitate the task of giving your friend the benefit of the doubt. While my results provide some initial support for this idea, I did not explicitly test this "benefit of the doubt" effect. Further research is needed to examine when consumers are more or less likely to give their relational partner the benefit of the doubt (e.g., relationship importance, ambiguity), and the associated effects on fairness perceptions.

The finding that inequitable price allocations by valued relational partners may be deemed particularly unfair also has important managerial implications. Recent research highlights the numerous positive outcomes that firms can achieve by developing close relationships with their customers (e.g., Palmatier et al. 2006). The current work, however, suggests that with stronger relationships comes an increased onus to value the consumer. In a sense, these results suggest that, as relational bonds between firms and customers strengthen, customers become more averse to interpersonal insensitivities by firms. As such, whereas firms commonly invoke strategies to develop friendship-like bonds with their customers (Grayson 2007), it is important for firms to be cautious about doing so and to understand the potential repercussions (i.e., potential intensification of consumer sensitivity to aversive relational information). They need to consider which customers they want to share such relationships with as well as how the creation of such relationships may influence the customer's expectations of the firm. In cases where a valued relational bond has been established (e.g., commercial friendships: Grayson 2007; Price and Arnould 1999, communal relationships: Aggarwal 2004), firms must carefully manage potential friendship and instrumental goal conflicts. Perceptions of goal conflicts have been shown to mitigate the benefits associated with such relationships (Grayson 2007) and the current work actually suggests that actions perceived as placing instrumental goals ahead of relational goals (e.g., an undeserved price inequity) may have deleterious effects for the firm (e.g., enhanced perceptions of unfairness).

4.2. Conclusion.

Perceptions of unfairness have been consistently shown to have negative consequences for the firm, the consumer and the consumer-seller relationship. Yet, despite these negative consequences, our understanding of how consumers form fairness judgments is incomplete. This is evident in the numerous studies discussed earlier that identify seemingly disparate exchange factors that seem to influence fairness judgments yet, according to the dominant theories of price fairness, should not. This dissertation tackles this issue, finding that consumer assessments of *why* their deservingness was violated are also central to unfairness judgments (not solely assessments of *whether* their deservingness was violated). Specifically, the current work finds that undeserved price inequities are deemed more unfair to the extent that they convey threatening information about important aspects of consumers' self-concept (i.e., their relational value and/or their personal identity) and less so when they convey self-affirming information. It also finds support for the proposed process underlying this effect - that price inequities conveying self-relevant information trigger intense affect, which is then used as an informational input in determining the extent of the unfairness. Taken together, this dissertation enriches our understanding of consumers' perceptions of unfairness and, more specifically, the process that underlies the formation of such judgments.

References

Adams, John S. (1965), "Inequity in Social Exchange," in *Advances in Experimental Social Psychology*, Vol. 2, ed. Leonard Berkowitz, New York: Academic Press, 267-299.

Aggarwal, Pankaj (2004), "The Effects of Brand Relationship Norms on Consumer Attitudes and Behavior," *Journal of Consumer Research*, 31, 87–101.

Aggarwal, Pankaj and Richard P. Larrick (2012), "When Consumers Care About Being Treated Fairly: The Interaction of Relationship Norms and Fairness Norms," *Journal of Consumer Psychology*, 22, 114-127.

Anderson, Eric T. and Duncan I. Simester (2008), "Does Demand Fall When Customers Perceive that Prices are Unfair? The Case of Premium Pricing for Large Sizes," *Marketing Science,* 27(3), 492-500.

Andrade, Eduardo B. and Dan Ariely (1992), "The Enduring Impact of Transient Emotions on Decision Making," *Organizational Behavior and Human Decision Processes*, 109, 1–8.

Aronson, Elliot (1992), "The Return of the Repressed: Dissonance Theory Makes a Comeback," *Psychological Inquiry,* (3), 303-311.

Ashworth, Laurence and Lindsay McShane (2012), "Why Do We Care What Others Pay? The Role of Other Consumers' Prices in Inferences of Seller Respect," *Journal of Retailing*, 88 (1), 145-155.

Babin, Barry. J. James S. Boles and William R. Darden (1995), "Salesperson Stereotypes, Consumer Emotions, and Their Impact on Information Processing," *Journal of the Academy of Marketing Science,* (23), 94-105.

Barclay, Laurie, Daniel Skarlicki and S. Douglas Pugh (2005), "Exploring the Role of Emotions in Injustice Perceptions and Retaliation," *Journal of Applied Psychology*, 90(4), 629-643.

Barsky, Adam and Seth A., Kaplan (2007), "If You Feel Bad, It's Unfair: A Quantitative Synthesis of Affect and Organizational Justice Perceptions," *Journal of Applied Psychology,* 92(1), 286-295.

Barsky, Adam., Seth A. Kaplan and Daniel J. Beal (2011), "Just Feelings? The Role of Affect in the Formation of Organizational Fairness Judgments," *Journal of Management*, 37(1), 248-279.

Baumeister, Roy and Mark Leary (1995), "The Need to Belong - Desire for Interpersonal Attachments as a Fundamental Human-Motivation, *Psychological Bulletin,* 117(3), 497-529.

Bechwati, Nada N. and Maureen Morrin (2003), "Outraged Consumers: Getting Even at the Expense of Getting a Good Deal," *Journal of Consumer Psychology*, 13(4), 440-453.

Ben-Ze'ev, Aaron (1996), "Emotional Intensity," *Theory and Psychology,* (6), 509-539.

Bies, Robert J. and Joseph S. Moag (1986), "Interactional Justice: Communications Criteria of Fairness," in *Research on Negotiation in Organizations*, eds. Roy J. Lewicki, Blair H. Sheppard & Max H. Bazerman, Greenwich, CT: JAI Press, 43-55.

Bolton, Lisa. E., Luk Warlop and Joseph W. Alba (2003), "Consumer Perceptions of Price (Un)fairness," *Journal of Consumer Research*, 29 (March), 474-491.

Bolton, Lisa. E., and Joseph W. Alba (2006), "Price Fairness: Good and Service Differences and the Role of Vendor Costs," *Journal of Consumer Research*, 33(2), 258-265.

Bolton, Lisa, Hean Tat Keh and Joseph Alba (2010), "How Do Price Fairness Perceptions Differ Across Culture?," *Journal of Marketing Research*, 47(3), 564-576.

Bosson, Jennifer and William Swann (1999), "Self-liking, Self-competence, and the Quest for Self-verification," *Personality and Social Psychology Bulletin*, 25(10), 1230-1241.

Brewer, Marilynn and Wendi Gardner (1996), "Who is this "We"? Levels of Collective Identity and Self Representations," *Journal of Personality and Social Psychology,* 71(1), 83-93.

Campbell, Margaret. C. (1999), "Perceptions of Price Unfairness," *Journal of Marketing Research,* 36 (May), 187-199.

Campbell, Margaret C. (2007), ""Says Who?!" How the Source of Price Information and Affect Influence Perceived Price (Un)fairness," *Journal of Marketing Research*, 44(2), 261-271.

Cohen, Joel B, Michel T. Pham and Eduardo B. Andrade (2008), "The Nature and Role of Affect in Consumer Behavior," in *Handbook of Consumer Psychology*, eds. C. P. Haugtvedt, P. M. Herr and F. R. Kardes, New York: Lawrence Erlbaum Associates, 297-348.

Cohen, Joel B. and Eduardo B. Andrade (2004), "Affective Intuition and Task-Contingent Affect Regulation," *Journal of Consumer Research*, 31(2), 358-367.

Colquitt, Jason (2001), "On the Dimensionality of Organizational Justice: A Construct Validation of a Measure," *Journal of Applied Psychology,* 86(3), 386-400.

Colquitt, Jason. A., Donald E. Conlon, Michael J. Wesson, Christopher O. L. H. Porter, and K. Yee Ng (2001), "Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research," *Journal of Applied Psychology*, 86(3), 424-445.

Cook, Karen. S. and Toshio Yamagishi (1983), "Social Determinants of Equity Judgments: The Problem of Multidimensional Input," in *Equity Theory: Psychological and Sociological Perspectives*, ed. David M. Messick and Karen S. Cook, NY: Praeger Publishers, 95-126.

Cropanzano, Russell and Maureen L. Ambrose (2001), Procedural and Distributive Justice are More Similar Than You Think: A Monistic Perspective and a Research Agenda," in *Advances in Organizational Justice*, eds. Jerald Greenberg and Russell Cropanzano. Stanford, CA: Stanford University Press, 119–151.

Cropanzano, Russell, Jordan H. Stein and Thierry Nadisic (2011), *Social Justice and the Experience of Emotion*. New York: Taylor and Francis Group.

Cross, Susan, Pamela Bacon and Michael Morris (2000), "The Relational-interdependent Self-construal and Relationships," *Journal of Personality and Social Psychology,* 78(4), 791-808.

Darke, Peter. R. and Darren Dahl (2003), "Fairness and Discounts: The Subjective Value of a Bargain," *Journal of Consumer Psychology,* 13, 328-338.

Deci, Edward L. and Richard M. Ryan (1991), "A Motivational Approach to Self: Integration in Personality," in *Nebraska symposium on motivation: Perspective on motivation* (38th edition) ed. R. Dienstbier, Lincoln, NE: University of Nebraska Press. 237-288.

Deci, Edward L. and Richard M. Ryan (2000), "The "What" and "Why" of Goal Pursuits: Human Needs and the Self-Determination of Behavior," *Psychological Inquiry,* 11, 227-268.

Deutsch, Morton (1975), "Equity, Equality and Need: What Determines which Value will be Used as the Basis of Distributive Justice?," *Journal of Social Issues*, 31,137-50.

Ellsworth, Phoebe C. and Klaus R. Scherer (2003), "Appraisal Processes in Emotion," in *Handbook of affective sciences*, eds. R. J. Davidson, H. H. Goldsmith and K. R. Scherer, New York: Oxford University Press, 572-595.

Elmaghraby, Wedad and Pinar Keskinocak (2003), "Dynamic Pricing in the Presence of Inventory Considerations: Research Overview, Current Practices, and Future Directions. *Management Science,* 49(10), 1287-1309.

Folger, Robert and Russell Cropanzano (2001), "Fairness Theory: Justice as Accountability," in *Advances in Organizational Justice*, eds. Jerald Greenberg and Russell Cropanzano, Stanford, CA: Stanford University Press, 1-55.

Forgas, Joe P. (1998), "On Being Happy and Mistaken: Mood Effects on the Fundamental Attribution Error," *Journal of Personality and Social Psychology*, 75, 318-331.

Gecas, Viktor (2000), "Value Identities, Self-Motives, and Social Movements," in *Self, Identity, and Social Movements*, eds. Sheldon Styker, Timothy J. Owens, Robert W. White,

Minneapolis: University of Minnesota Press, 93–109.

Gelfand, Michele, Virginia Smith Major, Jana Raver, Lisa H. Nishii and Karen O'Brien (2006), "Negotiating Relationally: The Dynamics of the Relational Self in Negotiations," *Academy of Management Review*, 31(2), 427-451.

Goethals, Goerge R. and John M. Darley (1977), "Social Comparison Theory: An Attributional Approach," in *Social Comparison Processes: Theoretical and Empirical Perspectives*, eds. Jerry M. Suls and Robert L. Miller, Washington, DC: Hemisphere, 259–278.

Gonsalkorale, Karen and Kipling D. Williams (2007), The KKK Won't Let Me Play: Ostracism Even by a Despised Group Hurts," *European Journal of Social Psychology*, 37, 1176-1186.

Goodwin, Cathy and Ivan Ross (1992), "Consumer Responses to Service Failures: Influence of Procedural and Interactional Fairness Perceptions," *Journal of Business Research*, 25, 149–163.

Grayson, Kent (2007), "Friendship Versus Business in Marketing Relationships," *Journal of Marketing*, 71 (October), 121–39.

Grewal, Dhruv, Kent Monroe and R. Krishnan (1998), "The Effects of Price-Comparison Advertising on Buyers' Perceptions of Acquisition Value, Transaction Value and Behavioral Intentions," *Journal of Marketing*, 62 (April), 46-59.

Ham, Jaap and Kees van den (2008), "Not Fair For Me! The Influence of Personal Relevance on Social Justice Inferences," *Journal of Experimental Social Psychology,* 44(3), 699-705.

Haslam S. Alexander, Clare Powell, and John C. Turner (2000), "Social Identity, Self-Categorization, and Work Motivation: Rethinking the Contribution of the Group to

Positive and Sustainable Organizational Outcomes," *Applied Psychology: International Review*, 49, 319-339.

Haws, Kelly L. and William O. Bearden (2006), "Dynamic Pricing and Consumer Fairness Perceptions," *Journal of Consumer Research,* 33(3), 304-311.

Hayes, Andrew F. (2012), "PROCESS: A Versatile Computational Tool for Observed Variable Moderation, Mediation, and Conditional Process Modeling," working paper, accessed on April 15th, 2012 at www.afhayes.com.

Hayes, Andrew F. Preacher, Kristopher J., and T. A. Myers (2011), "Mediation and the Estimation of Indirect Effects in Political Communication Research," in *Sourcebook for Political Communication Research: Methods, Measures and Analytical Techniques*, eds. E. P. Bucy and R. L. Holbert. New York: Routledge, 434-465.

Heatherton, Todd F. and Janet Polivy (1991), "Development and Validation of a Scale for Measuring State Self-esteem," *Journal of Personality and Social Psychology*, 60, 895-910.

Herrmann, Andreas, Lan Xia, Kent B. Monroe and Frank Huber, F. (2007), "The Influence of Price Fairness on Customer Satisfaction: An Empirical Test in the Context of Automobile Purchases," *The Journal of Product and Brand Management,* 16(1), 49-49-58.

Hewitt, John. P. (1997), *Self and Society: A Symbolic Interactionist Social Psychology* (7 ed.) Boston: Allyn and Bacon.

Hitlin, Steven (2003), "Values as the Core of Personal Identity: Drawing Links between Two Theories of Self," *Social Psychology Quarterly*, 66(2), 118-137.

Hogg, Michael A. (2000), "Subjective Uncertainty Reduction through Self-categorization: A Motivational Theory of Social Identity Processes," *European Review of Social Psychology,* 11(1), 223-255.

Hogg, Michael A. (2003), "Social Identity" in *Handbook of Self and Identity*, eds. Mark R. Leary and June. P. Tangney, New York: Guilford. 462–479.

Homburg, Christian, Wayne Hoyer and Nicole Koschate (2005), "Customers' Reactions to Price Increases: Do Customer Satisfaction and Perceived Motive Fairness Matter? *Academy of Marketing Science.Journal,* 33(1), 36-36-49.

Huppertz, John, Sydney Arenson and Richard Evans (1978), "An Application of Equity Theory to Buyer-Seller Exchange Situations," *Journal of Marketing Research*, 15(2), 250-260.

James, William (1890), *The principles of psychology*. New York: Holt.

Kachelmeier, Steven J., Stephen T. Limberg and Michael S. Schadewald (1991), "Fairness in Markets: A Laboratory Investigation," *Journal of Economic Psychology*, 12, 447–464.

Kahn Barbara E. and Terese A. Louie (1990), "Effects of Retraction of Price Promotions on Brand Choice Behavior for Variety-Seeking and Last-Purchase Loyal Consumers," *Journal of Marketing Research*, 27, 279-289.

Kahneman, Daniel, Jack L. Knetsch and Richard Thaler (1986a), "Fairness and the Assumptions of Economics. *Journal of Business,* 59 (4), 285–300.

Kahneman, Daniel, Jack L. Knetsch and Richard Thaler (1986b). "Fairness as a Constraint on Profit Seeking: Entitlements in the Market," *The American Economic Review*, 76(4), 728-741.

Kumar, Nirmalya, Lisa K. Scheer and Jan-Benedict Steenkamp (1995), "The Effects of Supplier Fairness on Vulnerable Resellers," *Journal of Marketing Research*, 32(1), 54-65.

Lazarus, Richard. S. and Susan Folkman (1984), *Stress, Appraisal and Coping*. New York: Springer.

Lazarus, Richard (1991), "Progress on a Cognitive Motivational Relational Theory of Emotion," *American Psychologist,* 46(8), 819-834.

Leary, Mark R. (2001), "Toward a Conceptualization of Interpersonal Rejection," in *Interpersonal Rejection*, ed. Mark R. Leary, New York: Oxford University Press, 3-20.

Leary, Mark R. (2003), "Commentary on Self-Esteem as an Interpersonal Monitor: The Sociometer Hypothesis (1995)," *Psychological Inquiry*, 14(3-4), 270-274.

Leary, Mark R., Ellen Tambor, Sonja Terdal and Deborah Downs (1995), "Self-Esteem as an Interpersonal Monitor: The Sociometer Hypothesis," *Journal of Personality and Social Psychology,* 6, 518-530.

Leventhal, Gerald S. (1976), "Fairness in Social Relations," in *Contemporary Topics in Social Psychology*, ed. J. W. Thibaut, J. T. Spence, R. C. Carson, Morristown, NJ: General Learning Press. 211-239.

Lind, E. Allan and Kees van den Bos (2002), "When Fairness Works: Toward a General Theory of Uncertainty Management," *Research in Organizational Behavior,* 24, 181-223.

Markus, Hazel and ElissaWurf (1987), "The Dynamic Self-concept - A Social Psychological Perspective," *Annual Review of Psychology*, 38, 299-337.

Matilla, Anna S. and Paul G. Patterson (2004), "Service Recovery and Fairness Perceptions in Collectivist and Individualist Contexts," *Journal of Service Research*, 6 (4), 336-46.

Maxwell, Sarah. (2002), "Rule-based Price Fairness and Its Effect on Willingness to Purchase," *Journal of Economic Psychology*, 23 (2), 191 – 212.

Mayer, David M., Rebecca L. Greenbaum, Maribeth Kuenzi and Gerriy Shteynberg (2009), "When Do Fair Procedures Not Matter? A Test of the Identity Violation Effect," *Journal of Applied Psychology*, 94(1), 142-161.

Mazumdar, Tridib, S.P. Raj, and Indrajit Sinha (2005), "Reference Price Research: Review and Propositions" *Journal of Marketing*, 69 (October), 84–102.

McColl-Kennedy, Janet R. and Beverley A, Sparks (2003), "Application of Fairness Theory to Service Failures and Service Recovery," *Journal of Service Research*, 5(3), 251-266.

McConnell, Allen R. (2011), "The Multiple Self-Aspects Framework: Self-Concept Representation and Its Implications," *Personality and Social Psychology Review*, 15(1), 3-27.

Mikula, Gerold (2003), "Testing an Attribution-of-Blame Model of Judgments of Injustice," *European Journal of Social Psychology,* 33, 793–811

Mikula, Gerold, Klaus Scherer and Ursula Athenstaedt (1998), "The Role of Injustice in the Elicitation of Differential Emotional Reactions," *Personality and Social Psychology Bulletin,* 24(7), 769-783.

Miller, Dale T. (2001), "Disrespect and the Experience of Injustice," *Annual Review of Psychology*, 52, 527 – 553.

Miniard, Paul W., Sunil Bhatia and Deepak Sirdeshmukh (1992), "Mood as a Determinant of Postconsumption Product Evaluations," *Journal of Consumer Psychology*, 1(2), 173-195.

Monroe, Kent B. (1973), "Buyers' Subjective Perceptions of Price," *Journal of Marketing Research*, 10 (February), 70–80.

Mullen, Elizabeth (2007), "The Reciprocal Relationship between Affect and Perceptions of Fairness," in *Distributive and Procedural Justice: Research and Social applications*, In eds. K. Tornblom, and R. Vermunt, Burlington, VT: Ashgate, 15-37.

Namkung, Young and Soo Cheong (Shawn) Jang (2010), "Effects of Perceived Service Fairness on Emotions and Behavioral Intentions in Restaurants," *European Journal of Marketing,* 44(9), 1233-1259.

Oliver, Richard L. and John E. Swan (1989), "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach," *Journal of Marketing,* 53, 21–35.

Ortony, Andrew, Gerald L. Clore and Allan Collins (1988), *The Cognitive Structure of Emotions*. New York: Cambridge University Press.

Palmatier, Robert, Rajiv Dant, Dhruv Grewal and Kenneth Evans (2006), "Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis," *Journal of Marketing*, 70 (October), 156–53.

Pham, Michel T. (2008), "The Lexicon and Grammar of Affect-As-Information: The GAIM," in *Social Psychology of Consumer Behaviour*, ed. M. Wanke, New York: Psychology Press, 167-200.

Pham, Michel, Joel Cohen, John Pracejus and G. David Hughes (2001), "Affect Monitoring and the Primacy of Feelings in Judgment," *Journal of Consumer Research*, 28(2), 167-188.

Pinkley, Robin L., Margaret A. Neale and Rebecca J. Bennett (1994), "The Impact of Alternatives to Settlement in Dyadic Negotiation," *Organizational Behavior and Human Decision Processes*, 57, 97-116.

Porath, Christine, Deborah MacInnis and Valerie S. Folkes (2011), "It's Unfair: Why Customers Who Merely Observe an Uncivil Employee Abandon the Company," *Journal of Service Research*, 14(3), 302-317.

Preacher, Kristopher and Andrew Hayes (2008), "Asymptotic and Resampling Strategies for Assessing and Comparing Indirect Effects in Multiple Mediator Models, *Behavior Research Methods*, 40(3), 879–91.

Price, Linda L. and Eric J. Arnould (1999), "Commercial Friendships: Service Provider-Client Relationships in Context," *Journal of Marketing*, 63 (October), 38–56.

Rosenberg, Morris, Carmi Schooler, Carrie Schoenbach and Florence Rosenberg (1995), "Global Self-Esteem and Specific Self-Esteem: Different Concepts, Different Outcomes," *American Sociological Review*, 60, 141-156.

Ross, Lee (1977), "The Intuitive Psychologist and His Shortcomings: Distortions in the Attribution Process," *Advances in Experimental Social Psychology*,10, 174-221.

Russell, James A. and James M. Carroll (1999), "On the Bipolarity of Positive and Negative Affect," *Psychological Bulletin*, 125, 3–30.

Samaha, Stephen. A., Robert W. Palmatier and Rajiv P. Dant (2011), "Poisoning Relationships: Perceived Unfairness in Channels of Distribution," *Journal of Marketing*, 75(3), 99-117.

Schindler, Robert (1998), "Consequences of Perceiving Oneself as Responsible for Obtaining a Discount: Evidence of Smart-Shopper Feelings," *Journal of Consumer Psychology,* (7), 371-392.

Schwarz, Norbert (1990), "Feelings as Information: Informational and Motivational Functions of Affective States," in *Handbook of Motivation and Cognition*, Volume 2, eds. R. M. Sorrentino and E. T. Higgins, New York: Guilford Press, 521-561.

Schwarz, Norbert and Gerald L. Clore (1983), "Mood, Misattribution, and Judgements of Well-Being: Informative and Directive Functions of Affective States," *Journal of Personality and Social Psychology*, 45,513-523

Schwarz, Norbert and Gerald L. Clore (1988), "How Do I feel About It? Informative Functions of Affective States," in *Affect, Cognition and Social Behaviours*, eds. K. Fielder and J. Forgas, Toronto, Canada: Hogrefe, 44-62.

Schwarz, Norbert and Gerald L. Clore (1996), "Feelings and Phenomenal Experiences," in *Social Psychology: Handbook of Basic Principles*, eds. E. T. Higgins and A. W. Kruglanski, New York: The Guilford Press, 385-407.

Seiders, Kathleen and Leonard L. Berry (1998), "Service Fairness: What It Is and Why It Matters," *The Academy of Management Executive*, 12(2), 8-20.

Sen, Sankar, Zeynep Gurhan-Canli and Vicki Morwitz (2001), "Withholding Consumption: A Social Dilemma Perspective on Consumer Boycotts," *Journal of Consumer Research,* 28(3), 399-417.

Siemer, Matthias, Iris Mauss and James J. Gross (2007), "Same Situation - Different Emotions: How Appraisals Shape our Emotions," *Emotion, 7*(3), 592-600.

Skitka, Linda J. (2003), "Of Different Minds: An Accessible Identity Model of Justice Reasoning," *Personality and Social Psychology Review*, 7, 286–297.

Smith, Amy, Ruth Bolton and JanetWagner (1999), "A Model of Customer Satisfaction with Service Encounters Involving Failure and Recovery," *Journal of Marketing Research*, 36, 356-372.

Spencer, Steven, Mark Zanna and Geoffrey Fong (2005), "Establishing a Causal Chain: Why Experiments are Often More Effective than Mediational Analyses in Examining Psychological Processes," *Journal of Personality and Social Psychology*, 89(6), 845-851.

Stephen, Andrew T. and Michel T. Pham (2008), "On Feelings as a Heuristic for Making Offers in Ultimatum Negotiations," *Psychological Science*,19(10), 1051-1058.

Suter, Tracy and David Hardesty (2005), "Maximizing Earnings and Price Fairness Perceptions in Online Consumer-to-Consumer Auctions," *Journal of Retailing*, 81(4), 307-317.

Tafarodi, Romin W., Tara C. Marshall and Alan B. Milne (2003), "Self-Esteem and Memory," *Journal of Personality and Social Psychology*, 84, 29–45.

Tafarodi, Romin W. and Alan B. Milne (2002), "Decomposing Self-Esteem," *Journal of Personality*, 70(4), 443–483.

Tafarodi, Romin and William B. Swann (1995), "Self-Liking and Self-Competence as Dimensions of Global Self-Esteem - Initial Validation of a Measure," *Journal of Personality Assessment,* 65(2), 322-342.

Tajfel, Henri and John C. Turner (1986), "The Social Identity Theory of Intergroup Behavior," in *The Psychology of Intergroup Relations*, eds. S. Worchel and W. G. Austin, Chicago: Nelson-Hall. 7-24.

Tajfel, Henri (2010). *Social Identity and Intergroup Relations*. Cambridge: Cambridge University Press.

Tax, Stephen, Stephen Brown and Murali Chandrashekaran (1998), "Customer Evaluations of Service Complaint Experiences: Implications for Relationship Marketing," *Journal of Marketing*, 62(2), 60-76.

Thaler, Richard (1985), "Mental Accounting and Consumer Choice," *Marketing Science*, 4, 199-214.

Tyler, Tom (1994), "Psychological Models of the Justice Motive: Antecedents of Distributive and Procedural Justice," *Journal of Personality and Social Psychology*, 67(5), 850-863.

Tyler Tom R. and Steven L. Blader (2003), "Procedural Justice, Social Identity, and Cooperative Behavior," *Personality and Social Psychology Review*, 7, 349-361.

Tyler, Tom R. and E. Allan Lind (1992), "A Relational Model of Authority in Groups," in *Advances in Experimental Social Psychology*, ed. Mark Zanna, San Diego: Academic

Press, 115-191.

Vaidyanathan, Rajiv and Praveen Aggarwal (2003), "Who is the Fairest of Them All? An Attributional Approach to Price Fairness Perceptions," *Journal of Business Research*, 56, 453-463.

van den Bos, Kees (2001), "Uncertainty Management: The Influence of Uncertainty Salience on Reactions to Perceived Procedural Fairness," *Journal of Personality and Social Psychology,* 80(6), 931-941.

van den Bos, Kees (2003), "On the Subjective Quality of Social Justice: The Role of Affect as Information in the Psychology of Justice Judgments," *Journal of Personality and Social Psychology*, 85(3), 482-498.

van den Bos, Kees (2009), "Making Sense of Life: The Existential Self Trying to Deal with Personal Uncertainty," *Psychological Inquiry*,20, 197-217.

van den Bos, Kees and E. Allen Lind (2002), "Uncertainty Management by Means of Fairness Judgments," *Advances in Experimental Social Psychology*, 34, 1-60.

van den Bos, Kees and Joost Miedema (2000), "Toward Understanding Why Fairness Matters: The Influence of Mortality Salience on Reactions to Procedural Fairness," *Journal of Personality and Social Psychology*, 79(3), 355-366.

Van den Bos, Kees, Susanne L Peters, D. Ramona Bobocel and Jan F. Ybema (2006), "On Preferences and Doing the Right Thing: Satisfaction with Advantageous Inequity When Cognitive Processing is Limited," *Journal of Experimental Social Psychology*, 42, 273–289.

Varki, Sajeev, Elizabeth G. Miller and Syagnik Banerjee (2008), "Understanding Fairness Perceptions for Price Decreases," in *Advances in Consumer Research*, Volume 35, eds. Angela Y. Lee and Dilip Soman, Duluth, MN : Association for Consumer Research, 253-256.

Vermunt, Riel, Daan van Knippenberg, Barbara van Knippenberg and Eric Blaauw (2001), "Self-Esteem and Outcome Fairness: Differential Importance of Procedural and Outcome Considerations," *Journal of Applied Psychology,* 86(4), 621-628.

Wagstaff, Graham F. (1994), "Equity, Equality and Need: Three Principles of Justice or One? An Analysis of Equity as Desert," *Current Psychology: Developmental, Learning Personality, Social,* 13, 138-152.

Wan, Lisa C., Michael K. Hui and Robert S. Wyer Jr., (2011), "The Role of Relationship Norms in Responses to Service Failures," *Journal of Consumer Research*, 38(2), 260-277.

Weiss, Howard, Kathleen Suckow and Russell Cropanzano (1999), "Effects of Justice Conditions on Discrete Emotions," *Journal of Applied Psychology*, 84(5), 786-794.

Wood, Joanne V. and Amanda L. Forest (2010), "Seeking Pleasure and Avoiding Pain in Interpersonal Relationships," *Handbook of Self-Enhancement and Self-Protection,* eds. Mark D. Alicke and Constantine Sedkides, NY: Guilford Press, 258-277.

Wood, Stacy L. and James R. Bettman (2007), "Predicting Happiness: How Normative Feeling Rules Influence (and Even Reverse) Durability Bias," *Journal of Consumer Psychology,* 17(3), 188–201.

Xia, Lan, Kukar-Kinney, Monika and Kent B. Monroe (2010), "Effects of Consumers' Efforts on Price and Promotion Fairness Perceptions," *Journal of Retailing*, 86(1), 1-10.

Xia, Lan and Kent B. Monroe (2010), "Is a Good Deal Always Fair? Examining the Concepts of Transaction Value and Price Fairness," *Journal of Economic Psychology*, 31, 884-994.

Xia, Lan, Kent B. Monroe and Jennifer L. Cox (2004), "The Price is Unfair! A Conceptual Framework of Price Fairness Perceptions," *The Journal of Marketing,* 68(4), 1-15.

Appendix A

Preliminary Study – Scenarios

Introduction to all scenarios:

Imagine that you really want a GPS for an upcoming road trip with some friends. Based on a quick online search, you expect to pay somewhere around $225 for one that has all of the features that you need.

You've actually been looking around for a GPS for a while now, but haven't purchased one yet because the semester has been so busy. You've still got a few days remaining before you leave on your trip and you've got most of your school work done, so on your way home from running some other errands you decide to stop in at a local electronics store. You've heard of the store before and know that they reputedly have good salespeople.

Upon entering the store, a salesperson asks if they can help you find anything. You say that you need a GPS for an upcoming trip. The salesperson asks what you are planning on using it for and goes on to strongly recommend the Garmin Nuvi 4.3" GPS. He notes that **it costs $225**. He goes on to say that this model offers very good quality and has all of the features you are going to need. You really like the GPS and can see that it will meet your needs. **You decide to buy the recommended model** and take it up to the cash to pay. You are really excited to have the GPS in time for your road trip.

Equity	**Inequity – Mistaken**	**Inequity – No Information**
The next day, you are at the local coffee shop relaxing when you overhear a group of people next to you. One friend is excitedly telling another about their new GPS. You happen to overhear that they went to the same store you did and were recommended the same GPS – the Garmin Nuvi 4.3". They just bought the GPS yesterday **for $225**.	The next day, you are at the local coffee shop relaxing when you overhear a group of people next to you. One friend is excitedly telling another about their new GPS. You happen to overhear that they went to the same store you did and were recommended the same GPS – the Garmin Nuvi 4.3". They just bought the GPS yesterday, but **they only paid $179**. The person goes on to say that the store normally charges $225 for the GPS but a staff member had **mistakenly priced** it at $179. The salesperson went to speak with the store manager who had said that the store had to honour the listed price. So, the salesperson sold him the GPS at the mistakenly lower price.	The next day, you are at the local coffee shop relaxing when you overhear a group of people next to you. One friend is excitedly telling another about their new GPS. You happen to overhear that they went to the same store you did and were recommended the same GPS – the Garmin Nuvi 4.3". They just bought the GPS yesterday, but **they only paid $179**.

Appendix B

Study 1 – Scenarios

Equity (Both Discount), Seller is a Stranger	**Equity (Both Discount), Seller is a Friend**
You really want a new camera so you head out to a local electronics store, Digital Imagery. When you get to the store **one of the store managers, Steve**, comes over and asks if he can help. You tell him that you would really appreciate some help in choosing a new camera. The store manager explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You tell him that you'd like a few days to think about it. He then offers to discount the camera from $219 to $179. **You decide to buy it for $179.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal **because a friend of his, Steve, one of the store managers at Digital Imagery, offered him a discount** on the camera. **He got the camera for $179.**	You really want a new camera so you head out to a local electronics store, Digital Imagery, where **a friend of yours, Steve, is one of the store managers.** When you get to the store, you see Steve right away and go over to say hi. You tell him that you would really appreciate some help in choosing a new camera. Steve explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. He then offers you a discount on the camera, from $219 to $179. **You decide to buy the camera, and so pay $179.** Later that day, you're out for coffee with a friend of yours. Because **he's also friends with Steve**, you tell him about the new camera that you just bought. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because Steve **offered him a discount** on the camera. **He got the camera for $179.**
Inequity (Other Gets Discount), Seller is a Stranger You really want a new camera so you head out to a local electronics store, Digital Imagery. When you get to the store **one of the store managers, Steve**, comes over and asks if he	**Inequity (Other Gets Discount), Seller is a Friend** You really want a new camera so you head out to a local electronics store, Digital Imagery, where **a friend of yours, Steve, is one of the store managers.**

can help. You tell him that you would really appreciate some help in choosing a new camera. The store manager explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy it. The store manager brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal **because a friend of his, Steve, one of the store managers at Digital Imagery, offered him a discount** on the camera. **He got the camera for $179.**	When you get to the store, you see Steve right away and go over to say hi. You tell him that you would really appreciate some help in choosing a new camera. Steve explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy the recommended camera. Steve brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours. Because **he's also friends with Steve**, you tell him about the new camera that you just bought. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because Steve **offered him a discount** on the camera. **He got the camera for $179.**

Appendix C

Study 2 – Scenarios

Different Salespeople, Seller is a Friend	**Different Salespeople, Seller is a Stranger**
You really want a new camera so you head out to a local electronics store, Digital Imagery, where **a friend of yours, Steve, is one of the store managers.** When you get to the store, you see Steve right away and go over to say hi. You tell him that you would really appreciate some help in choosing a new camera. Steve explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy it. Steve brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because one of the store managers, **Mike, offered him a discount** on the camera. **He got the camera for $179.**	You really want a new camera so you head out to a local electronics store, Digital Imagery. When you get to the store, **one of the store managers, Steve**, comes over and asks if he can help. You tell him that you would really appreciate some help in choosing a new camera. The store manager explains some of the different options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy it. The store manager brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because one of the store managers, **Mike, offered him a discount** on the camera. **He got the camera for $179.**
Same Salesperson, Seller is a Friend	**Same Salesperson, Seller is a Stranger**
You really want a new camera so you head out to a local electronics store, Digital Imagery, where **a friend of yours, Steve, is one of the store managers.** When you get to the store, you see Steve right away and go over to say hi. You tell him that you would really appreciate some help in choosing a new camera. Steve explains some of the different	You really want a new camera so you head out to a local electronics store, Digital Imagery. When you get to the store **one of the store managers, Steve**, comes over and asks if he can help. You tell him that you would really appreciate some help in choosing a new camera. The store manager explains some of the different options and then asks more specifically about what you

options and then asks more specifically about what you plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy it. Steve brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because one of the store managers, **Steve, offered him a discount** on the camera. **He got the camera for $179.**	plan to use it for. After some time, he says that the best one for you is a Canon Powershot SX130. You decide to buy it. The store manager brings it to the cash for you and helps you finalize the purchase. **The camera costs you $219.** Later that day, you're out for coffee with a friend of yours and you happen to mention your new camera. Your friend says that he just bought the exact same camera at Digital Imagery. He goes on to tell you that he got a great deal because one of the store managers, **Steve, offered him a discount** on the camera. **He got the camera for $179.**

Appendix D

Study 3 – Scenarios

Inequity, Price Obtainable	**Inequity, Price Unobtainable**
Imagine that you are having people over on the weekend to celebrate the end of classes and need a new BBQ for the event. Before heading to the store, you go online to see what's available. The first website that you go to is the one for **"Outdoor Living",** a well-regarded store with good selection and reasonable prices. You immediately see a BBQ that has all of the features that you want. It also happens to be on sale. It normally costs $230, but **it's actually on sale this week for $200**. Excited about the deal, you head right over to the store and buy the BBQ. As advertised, it costs you $200. You head home happy to have the BBQ in time for when people come over on the weekend. **A few weeks later**, you run into a friend of yours. He mentions that he bought a new BBQ **a few weeks ago at "The Home Store"**. He tells you a little bit about it and you realize that he bought the exact same BBQ as you, and that you both bought it on the same day. He goes on to explain that he got a great deal because he did some research online before going shopping and found out that "The Home Store" had the BBQ on sale that week as part of their anniversary sale. It normally cost $230, but **he got it on sale for $150.**	Imagine that you are having people over on the weekend to celebrate the end of classes and need a new BBQ for the event. Before heading to the store, you go online to see what's available. The first website that you go to is the one for "**Outdoor Living**", a well-regarded store with good selection and reasonable prices. You immediately see a BBQ that has all of the features that you want. It also happens to be on sale. It normally costs $230, but it's actually **on sale this week for $200**. Excited about the deal, you head right over to the store and buy the BBQ. As advertised, it costs you $200. You head home happy to have the BBQ in time for when people come over on the weekend. **A few weeks later**, you run into a friend of yours. He mentions that he bought a new BBQ **just a couple of days ago** at "**The Home Store**". He tells you a little bit about it and you realize that he bought the exact same BBQ you have. He goes on to explain that he got a great deal because he did some research online before going shopping and found out that "The Home Store" had the BBQ on sale **for this week only** as part of their anniversary sale. It normally costs $230, but **he got it on sale for $150**.
Equity, Price Obtainable	**Equity, Price Unobtainable**
Imagine that you are having people over on the weekend to celebrate the end of classes and need a new BBQ for the event. Before heading to the store, you go online to see what's available. The	Imagine that you are having people over on the weekend to celebrate the end of classes and need a new BBQ for the event. Before heading to the store, you go online to see what's available. The

first website that you go to is the one for "**Outdoor Living**", a well-regarded store with good selection and reasonable prices. You immediately see a BBQ that has all of the features that you want. It also happens to be on sale. It normally costs $230, but it's actually **on sale this week for $200**. Excited about the deal, you head right over to the store and buy the BBQ. As advertised, it costs you $200. You head home happy to have the BBQ in time for when people come over on the weekend. A few weeks later, you run into a friend of yours. He mentions that he bought a new BBQ **a few weeks ago** at "**The Home Store**". He tells you a little bit about it and you realize that he bought the exact same BBQ as you, and that **you both bought it on the same day**. He goes on to explain that he got a great deal because he did some research online before going shopping and found out that "The Home Store" had the BBQ on sale that week as part of their anniversary sale. It normally cost $230, but **he got it on sale for $200**.	first website that you go to is the one for "**Outdoor Living**", a well-regarded store with good selection and reasonable prices. You immediately see a BBQ that has all of the features that you want. It also happens to be on sale. It normally costs $230, but it's actually **on sale this week for $200**. Excited about the deal, you head right over to the store and buy the BBQ. As advertised, it costs you $200. You head home happy to have the BBQ in time for when people come over on the weekend. **A few weeks later**, you run into a friend of yours. He mentions that he bought a new BBQ **just a couple of days ago** at "**The Home Store**". He tells you a little bit about it and you realize that he bought the exact same BBQ you have. He goes on to explain that he got a great deal because he did some research online before going shopping and found out that "The Home Store" had the BBQ on sale **for this week only** as part of their anniversary sale. It normally costs $230, but **he got it on sale for $200.**

Appendix E

Study 4 – Procedure and Manipulation

The following is the information that participants read for this study. The "---------" symbol signals a page break in Qualtrics.

Instructions

This study is a little bit different from some of the others that you might have done (and it involves ACTUAL MONEY) so please read this page carefully. It is really important that you understand each of the steps outlined below before proceeding to the next page.

The study will proceed as follows:

1) Each of you will be randomly **partnered** with another student in the room.

2) You will have an opportunity to **receive up to $5.00**. **Important: You will ACTUALLY receive the money allocated to you.**

3) **The amount of money that you receive will be determined by your assigned allocator**, another Queen's Commerce student who is waiting in the other room (each paired group will be assigned to an allocator in the other room).

4) The allocator has instructions **to allocate the $5.00 between you and your partner at their own discretion**. This means that they can divide the money as they see fit - they can give all of the money to you, all of the money to your partner, or divide the money in some manner between the two of you.

5) Before your allocator makes the decision, both you and your partner will have an opportunity to **write a brief message** to them and to indicate how you think the money should be divided.

6) Importantly, your identity will remain unknown to both your allocator and your partner, and vice versa. All interactions will take place online.

** Each of you will actually receive the amount of money allocated to you. Further instructions about how you will receive the allocated money will be provided at the end of the study.*

As noted earlier, the first step is to be matched with another person in the room – your assigned partner. Please click on the "Next" button so that you can be paired with a partner.

Please wait while you are paired with another student. (wait for 15 seconds)

Thanks for waiting - you have now been partnered. This partner will remain anonymous to you but the amount of money that you receive will be based on how your allocator chooses to divide the $5 between you and your partner.

On the next page you will be asked to write a message to your allocator to tell them a little bit about yourself. You will also be asked to indicate how you think they should split the money.

In order to ensure that the Allocator receives the paired responses at about the same time, you will each have up to 3 minutes to write your note. At the end of the 3-minute period, if you have not completed your message, the website will automatically bring you to the next page.

Please take some time here to write a few sentences to tell your allocator a little bit about yourself. It is completely up to you what you choose to write - the only restriction is that you CANNOT include your name.

You have up to three minutes to write your message and to indicate on the scale below how you think the money should be divided (at the end of this time period, you will automatically be taken to the next page)

The time remaining (in seconds) is: 180

Please wait while your response is submitted

Thanks for submitting your message to your allocator.It will take some time for your allocator to have a look at the messages that you and your partner wrote, and to submit the allocations. While you wait, we ask that you please complete Study 2 *(actually a filler task)*. The time that it takes to complete this study will allow enough time for your allocator to divide the money between you and your partner.

[Following the filler task participants saw one of the following:]

While you were completing this other study, your assigned allocator read your messages and allocated $5 between you and your assigned partner as they saw fit.

To view the allocations please proceed to the next page.

Advantageous Inequity, Deliberate	**Disadvantageous Inequity, Deliberate**
Final Allocations: You: $5 Your Partner: $0 **Allocator's Note:** As you can see above, I decided to give one of you $0 and the other $5. <u>Standardized Note from the Researchers - Getting your Allocated Money:</u> Please note that you will receive an email within one week of completing the study with details about how to go about getting whatever amount of money you were allocated. Specifically, you will be given dates and times where you can simply pop by the office of one of the researchers (Lindsay McShane) to collect your allocated money. Now we'd like to ask you some questions about the allocation.	Final Allocations: You: $0 Your Partner: $5 **Allocator's Note:** As you can see above, I decided to give one of you $0 and the other $5. <u>Standardized Note from the Researchers - Getting your Allocated Money:</u> Please note that you will receive an email within one week of completing the study with details about how to go about getting whatever amount of money you were allocated. Specifically, you will be given dates and times where you can simply pop by the office of one of the researchers (Lindsay McShane) to collect your allocated money. Now we'd like to ask you some questions about the allocation.

Advantageous Inequity, Mistake	**Disadvantageous Inequity, Mistake**
Final Allocations: You: $5 Your Partner: $0 **Allocator's Note:** I'm really sorry I made a mistake when I was entering the allocations and so ended up giving one of you $0 and the other $5. I'm really sorry about this but I wasn't able to edit the amounts once I'd accidentally hit submit. <u>Standardized Note from the Researchers - Getting your Allocated Money:</u> Please note that you will receive an email within one week of completing the study with details about how to go about getting whatever amount of money you were allocated. Specifically, you will be given dates and times where you can simply pop by the office of one of the researchers (Lindsay McShane) to collect your allocated money. Now we'd like to ask you some questions about the allocation.	Final Allocations: You: $0 Your Partner: $5 **Allocator's Note:** I'm really sorry I made a mistake when I was entering the allocations and so ended up giving one of you $0 and the other $5. I'm really sorry about this but I wasn't able to edit the amounts once I'd accidentally hit submit. <u>Standardized Note from the Researchers - Getting your Allocated Money:</u> Please note that you will receive an email within one week of completing the study with details about how to go about getting whatever amount of money you were allocated. Specifically, you will be given dates and times where you can simply pop by the office of one of the researchers (Lindsay McShane) to collect your allocated money. Now we'd like to ask you some questions about the allocation.

Equity

Final Allocations:

You: $2.50
Your Partner: $2.50

<u>Standardized Note from the Researchers - Getting your Allocated Money:</u>
Please note that you will receive an email within one week of completing the study with details about how to go about getting whatever amount of money you were allocated. Specifically, you will be given dates and times where you can simply pop by the office of one of the researchers (Lindsay McShane) to collect your allocated money.

Now we'd like to ask you some questions about the allocation.

Appendix F

Study 6 – Experimental Procedure and Manipulations

All students entered the experiment room and then were told that they would be completing 2 studies. They were told that they would first complete Part 1 of Study 1, then Study 2 (actually mood manipulation for Study 1), and then Part 2 of Study 1.

Study 1 (Part 1):

Students were told the following: This first study consists of a DIVIDER and RECEIVER task (interested in how individuals divide resources and how people react to these decisions). We will divide you into two groups. One group will stay here and one group will go to the room next door with the other researcher. One group will be assigned the role of DIVIDERS and the other group the role of RECEIVERS. [Send half of students to room next door].

All students told that they are RECEIVERS and that the others are DIVIDERS.

Non-Threatening and Equity	***Threatening***
The DIVIDERS in the other room have each received $5 that they must divide between themselves and one of you, a RECEIVER. They can divide the money in any way that they want. The DIVIDERS do not know which RECEIVER they are splitting the money with. Rather, they are told to divide the money between themselves and an unknown RECEIVER in the other room. Once they have made their decision, they will be collected and distributed randomly to each of you. While we wait for the DIVIDERS to decide how to split the money, we ask that you complete this brief questionnaire and then complete Study 2. At that point, the DIVIDERS will have decided on how to divide the money with their unidentified RECEIVER.	As RECEIVERS, you will each be partnered with one of the DIVIDERS in the other room. Your partner, the DIVIDER, has been given $5 that they must divide between themselves and you. They can divide the money in any way that they want. Before they make their decision, we'd like you to complete a brief questionnaire. We will then collect the questionnaire and bring it to your assigned partner in the other room. They will have a chance to read the questionnaire BEFORE dividing the money. While we wait for the DIVIDERS to read your questionnaires and decide how to split the money, we ask that complete Study 2. At that point, the DIVIDERS will have decided on how to divide the money with you.

** Each of you will actually receive the amount of money allocated to you by the DIVIDER. Further instructions about how you will receive the allocated money will be provided at the end of the study.*

[Hand out questionnaire: The questionnaire simply asked participants to take a moment to describe an important *personal value* and to explain why it is important to them. This questionnaire was consistent across conditions]

Non-Threatening and Equity	***Threatening***
I collected the questionnaires at end of research session. Once students were done filling in the questionnaire, they proceeded to Study 2 (actually a mood manipulation) while "waiting" for DIVIDERS' decisions (actually waiting for research assistant to bring in completed decision forms – see Appendix G)	I collected the questionnaires immediately and "brought them to the DIVIDERS in the other room" (actually delivered them to a research assistant who completed the DIVIDER forms). The students then proceeded to Study 2 (actually mood manipulation) while "waiting" for DIVIDERS' decisions (actually waiting for research assistant to bring in completed decision forms – see Appendix G)

Study 2 (actually mood manipulation consisting of a 5-minute video clip)

Good Mood Manipulation *– clip from sitcom Friends*	***Bad Mood Manipulation*** *– clip from drama film "Life as a House"*	***Neutral Manipulation*** *– clip from a documentary about the Mayan*

Following the clip, students completed a brief questionnaire about the video (see Appendix H)

Study 1 (Part 2): While the students were watching the film clip, a research assistant delivered the forms with the Allocators' decisions (see Appendix G)

1. **Non-threatening condition** – I randomly handed out Dividers' decision forms indicating an allocated amount of $0
2. **Threatening condition** – I handed participants back their original questionnaire with "their" Divider's decision form attached indicating an allocated amount of $0
3. **Equity** – I randomly handed out Divider's decision forms indicating an allocated amount of $2.50

Students were then told that we were interested in their reactions to the Divider's decision and provided with a link to the online questions.

Appendix G

Study 6 – Divider Decision Form

(Note: In all conditions, this form was actually completed by the research assistant)

Divider and Receiver Task - INSTRUCTIONS FOR DIVIDERS

[This page is only to be completed by those assigned to the role of DIVIDER]

As DIVIDERS you have each been allocated $5 of research funds. The RECEIVERS in the other room have NOT received any money.

[Non-Threatening and Equity conditions: You now have an opportunity to divide these research funds between yourself and an unidentified RECEIVER in the other room in any way you see fit. Please note that this is ACTUAL MONEY and that you and the randomly selected RECEIVER will receive the amounts that you indicate.

Please indicate below how you would like to divide the money between you and one of the RECEIVERS in the other room.]

[Threatening conditions: You have been partnered with one of the RECEIVERS in the other room and now have an opportunity to divide these research funds between yourself and this RECEIVER in any way you see fit. Please note that this is ACTUAL MONEY and that you and your RECEIVER will receive the amounts that you indicate.

IMPORTANT: Before making your decision, please read this brief Questionnaire that was completed by the RECEIVER that you have been partnered with. Once you have read this Questionnaire, please indicate below how you would like to divide the money between you and your partner.]

Amount to be *DIVIDED* is $5.00 (Please do not use increments of less than 50 cents)

I choose to give the RECEIVER ($X.XX):
As the *DIVIDER*, I choose to receive ($X.XX):

Just to confirm, please check the appropriate box:

The RECEIVER should receive	I, the DIVIDER, should RECEIVE	Indicate your decision with a checkmark in ONE of the spaces below.
$5.00	$0.00	
$4.50	$0.50	
$4.00	$1.00	
$3.50	$1.50	
$3.00	$2.00	
$2.50	$2.50	
$2.00	$3.00	
$1.50	$3.50	
$1.00	$4.00	
$0.50	$4.50	
$0.00	$5.00	

[**Non-Threatening and Equity conditions**: Thank you for completing this form - please submit it to the researcher. They will record your decision and then distribute this form to the RECEIVER you have been PARTNERED with.]

[**Threatening conditions**: Thank you for completing this form - please submit it to the researcher. They will record your decision and then distribute this form to one of the RECEIVERS.]

Appendix H

Study 6 - Mood Manipulation Survey

The purpose of this short study is to develop a better understanding of the judgments people make when watching certain media content. As such, we ask that you please watch the assigned video clip and then complete the following questions. Your answers are very important to us so please make every effort to answer as carefully and honestly as possible.

1) First, please rate the video clip on a scale of 1-10 on each of the following criteria. Circle your chosen answer.

To what extent did you find this video clip educational (0=not at all, 10=very much so)

1 2 3 4 5 6 7 8 9 10

To what extent did you find this video clip memorable (0=not at all, 10=very much so)

1 2 3 4 5 6 7 8 9 10

To what extent did you find this video clip dated (0=not at all, 10=very much so)

1 2 3 4 5 6 7 8 9 10

To what extent did you find this video clip well-done (0=not at all, 10=very much so)

1 2 3 4 5 6 7 8 9 10

How did you find the audio quality in this video? (0=very poor, 10=very good)

1 2 3 4 5 6 7 8 9 10

How did you find the video quality in this video? (0=very poor, 10=very good)

1 2 3 4 5 6 7 8 9 10

2) Now, we'd like you to take a few minutes to recall a personal story that relates to the scenes that you just watched.

_____

_____

_____

_____

_____

_____

_____

[In the Unattributed Conditions, this questionnaire excluded Question 3]

3) Finally, we'd like you to take a moment to really think about how this video clip made you feel. Please briefly describe your feelings here.

_____

_____

_____

That's it! Thank you for filling in the survey. Once everyone is done, the researcher will provide further instruction. In the meantime, please be patient.

Appendix I

Research Ethics Board Approval

December 14, 2009

Queen's University
OFFICE OF RESEARCH SERVICES
Fleming Hall, Jemmett Wing
Queen's University
Kingston, Ontario, Canada K7L 3N6
Tel 613 533-6081
Fax 613 533-6806
ors@post.queensu.ca
www.queensu.ca/vpr/

Mr. Laurence Ashworth
Assistant Professor
School of Business
Goodes Hall
Queen's University

GREB Ref #: GBUS-252-09
Title: "Understanding Fairness Perceptions in the Marketplace"

Dear Mr. Ashworth:

The General Research Ethics Board (GREB), by means of a delegated board review, has cleared your proposal entitled **"Understanding Fairness Perceptions in the Marketplace"** for ethical compliance with the Tri-Council Guidelines (TCPS) and Queen's ethics policies. In accordance with the Tri-Council Guidelines (article D.1.6) and Senate Terms of Reference (article G), your project has been cleared for one year. At the end of each year, the GREB will ask if your project has been completed and if not, what changes have occurred or will occur in the next year.

You are reminded of your obligation to advise the GREB, with a copy to your unit REB; of any adverse event(s) that occur during this one year period (details available on webpage http://www.queensu.ca/ors/researchethics/GeneralREB/forms.html – Adverse Event Report Form). An adverse event includes, but is not limited to, a complaint, a change or unexpected event that alters the level of risk for the researcher or participants or situation that requires a substantial change in approach to a participant(s). You are also advised that all adverse events must be reported to the GREB within 48 hours.

You are also reminded that all changes that might affect human participants must be cleared by the GREB. For example you must report changes in study procedures or implementations of new aspects into the study procedures on the Ethics Change Form that can be found at http://www.queensu.ca/ors/researchethics/GeneralREB/forms.html - Research Ethics Change Form. These changes must be sent to the Ethics Coordinator, Gail Irving, at the Office of Research Services or irvingg@queensu.ca prior to implementation. Mrs. Irving will forward your request for protocol changes to the appropriate GREB reviewers and / or the GREB Chair.

On behalf of the General Research Ethics Board, I wish you continued success in your research.

Yours sincerely,

Joan Stevenson, PhD
Professor and Chair
General Research Ethics Board

c.c.: Lindsay McShane, PhD Student, School of Business, Co-Applicant
Dr. Jane Webster, Chair, Unit REB
Amy Marshall, c/o Research Office

think Research
think Queen's