

Implications of Autonomous Pricing on Persuasion Knowledge and Aggressive Consumers

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Abstract

Purpose – This research contributes to the participative pricing literature by examining how consumers with varying levels of persuasion knowledge and aggressiveness respond to different levels of autonomy in the price-setting process. Persuasion knowledge is the ability to interpret, evaluate, and respond to influence attempts from advertisers and salespeople.

Method – An experimental design was utilized to expose consumers to either a pay-what-you-want price or fixed-price scenario. After reading a scenario about their products and pricing, consumers were asked to rate their purchase likelihood and perceived satisfaction levels of a fictitious pizza store. Participants then responded to questions measuring their persuasion knowledge and aggressiveness.

Findings – Pricing autonomy, persuasion knowledge, and aggressiveness influence purchase likelihood and perceived satisfaction. As consumers' persuasion knowledge increases, their purchase intentions under a pay-what-you-want price are higher than under a fixed price. Conversely, when persuasion knowledge is low, or aggressiveness is high, there is no difference in purchase intentions under the two pricing scenarios.

Limitations – A fictitious scenario was presented to the participants. Future studies could replicate this study with the subjects of actual retailers. A field experiment could be conducted more closely to simulate the actual exchange process. Lastly, continuous variables (persuasion knowledge and aggressiveness) were dichotomized in this study. Although there is support for using this method, future studies could manipulate these variables to gain more confidence in our findings by replicating the research design.

Implications – The findings support that consumers prefer to have autonomy in the price-setting process. Therefore, marketing managers can benefit their business through pay-what-you-want pricing. Therefore, participative pricing could get consumers to try products for the first time and result in future purchases at fixed prices. With a more complex customer loyalty program, managers can target specific customers for promotions. Moreover, this study provides support for marketing managers to target specific customers

when pay-what-you-want pricing is offered. Specifically, those customers with high persuasion knowledge respond favorably. Consumers with low aggression respond significantly more favorably when given more autonomy in the price-setting process.

Originality – These findings contribute to our understanding of participative pricing, where consumers can set the price of products. It gives managers more confidence in implementing elective pricing in their business models and provides insights into which consumers respond most favorably when using this pricing mechanism as a short-term promotion or long-term pricing strategy.

Keywords: pay-what-you-want pricing, autonomy, persuasion knowledge, aggression, purchase intentions.

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Introduction

Pay-what-you-want (PWYW) pricing, also known as elective pricing, gives consumers full control to set the price of products (Santana & Morwitz, 2015). Panera Bread, a popular fast-casual food retailer in the United States (U.S.), adopted this pricing model and opened a non-profit café chain, Panera Cares, in 2010, but closed its store at Dearborn, Michigan, in 2016 and ceased the operations of the last Boston store in 2019 (Mettler, 2019). Several reasons for the failure were suggested (Peters, 2018), but it is still unclear what was the driving factor in closing these stores while others using this pricing strategy have found success in the marketplace. Many smaller retailers have also achieved success with this model. For instance, Bowery restaurants were successful in offering their vegan bowls (Blumberg, 2020). Even Wyze, a smart home technology company, has recently started offering PWYW pricing (Statt, 2020). Previous research has found that consumers exposed to elective pricing had chosen to pay non-zero amounts and that this pricing strategy can be successful (Kim, Natter, & Spann 2009), but not all marketers and researchers are convinced that it can be utilized effectively in the marketplace. Nevertheless, various field studies have confirmed that most consumers will pay more than zero when responding to a company's PWYW pricing model (Regner, 2015; Riener & Traxler, 2012; Schons *et al.*, 2014).

Many businesses using PWYW pricing in the marketplace have seen varying results with this pricing mechanism. Consumer behavior researchers are highly motivated to identify how marketing managers can successfully utilize PWYW pricing. As a result, researchers are asking some different research questions. Does pricing autonomy alter consumer purchase intentions (purchase likelihood and perceived

satisfaction)? Are there certain types of marketing managers who can use PWYW pricing successfully through promotional campaigns? Therefore, further exploration is warranted to uncover whether this pricing mechanism can help marketing managers reach their desired goals and specific segments of customers. This study attempts to answer these questions through an online experiment that provides marketing managers with new insights into the benefits of PWYW pricing. In addition, it identifies when to target consumers with varying levels of persuasion knowledge and aggression for adopting this pricing mechanism.

The application of PWYW pricing has increased in popularity within the service sector. Many companies from a multitude of industries have utilized it, including amusement parks (Gneezy, Gneezy, Nelson, & Brown 2010), coffee shops (Park, Nam, & Lee 2017), hotels (Léon, Noguera, & Tena-Sanchez 2012), musicians (Regner & Barria 2009), restaurants (Kim, Natter, & Spann 2010), tourism packages (Stangl & Prayag 2018), online music downloads (Schons *et al.* 2014; Regner 2015), car repair centers (Natter & Kaufmann 2015), cinema tickets (Natter & Kaufmann 2015), and museums (Schons *et al.* 2014), and several others. In addition, several specific companies have received press coverage for utilizing PWYW-pricing, including Bonvoy Adventure Travel, Headsets.com, Zest Business Consulting, and Zugun (Evans, 2014). Notably, Servant Stage Company, a non-profit theatre company, promotes itself as “one of the only pay-what-you-will theaters in the United States of America.” Approximately 31,000 audience members attended their 125 total theatrical performances in 2017, which brought a 72% increase from the previous year (Servant Stage Company, 2017).

There have been smaller and larger organizations utilizing PWYW pricing successfully recently. For example, *Entrepreneur* (2021) offered online courses where consumers could learn new skills and choose how much they wanted to pay for the course bundle. Consumers were provided with suggested prices for the bundles and allowed to pay any price of their choices.

PWYW pricing is not limited to the United States. For example, a small coffee shop in Naples (Caffè Sospeso) and a hotel (OmHotel) offer PWYW pricing (Abel, 2021). Interestingly, Caffè Sospeso ties in a “pay it forward” activity that encourages consumers to buy coffee for others. This provides consumers with control over setting the price of products in the marketplace. Consumers have been found to pay more in “pay it forward” situations (Jung *et al.*, 2012).

Burger King was also successful in using PWYW pricing during the pandemic. They allowed consumers to choose the price for their Whopper hamburger, with all of the proceeds going towards a charity (“No Kid Hungry”) that helps children in need (Nelson, 2020). Aligning with a cause can be a successful strategy when PWYW pricing in the marketplace (Kim, Natter, and Spann 2009).

PWYW pricing is different from other participative pricing strategies, such as name-your-own-price or auction bidding. Krämer *et al.* (2017) examined the difference between implementing PWYW pricing and name-your-own-price models, where consumers have some control in the price-setting process. A further investigation into how pricing mechanisms with extreme autonomy in the price-setting process influence purchase intentions is still needed. Our research contributes to this understanding by examining the pricing mechanisms with two extreme levels of autonomy: fixed pricing, where consumers have no control in determining the price, and PWYW pricing, where they have full control in the price-setting process.

Although this pricing mechanism has been utilized in various industries and contexts, marketing managers are not confident in utilizing it for fear that customers' price choices may result in losses for their organizations. The PWYW pricing literature lacks insights into which types of consumers to target. More specifically, the literature currently lacks an examination into how consumers with different traits and dispositions respond to consumption situations with varying levels of autonomy in the price-setting process. The findings could give marketing managers confidence in offering PWYW pricing by targeting consumers with particular characteristics and individual differences. This research examines how consumers with varying persuasion knowledge and aggressiveness respond to PWYW and fixed price models. The findings can guide marketers to target their potential consumers when such a pricing mechanism is available.

Persuasion knowledge has been referred to as a "schemer schema" and described by Friestad and Wright (1994) as the ability a consumer possesses to "interpret, evaluate, and respond to influence attempts advertisers and salespeople." Friestad and Wright (1994) argued that persuasion knowledge is an important attribute that consumers utilize when responding to different organizations' actions in the marketplace. Persuasion-related tasks are common and important in consumers' daily lives, so acquiring expertise in persuasion knowledge is a valuable and ongoing process for consumers (Friestad & Wright, 1999). In addition, companies use strategies like cause-related marketing to influence the decisions of consumers. This particular strategy is estimated to impact approximately 75% of adults in the U.S. in making purchase decisions (Mintel, 2014).

Researchers are still trying to understand when consumers use their persuasion knowledge (Sujan, 1997). Since consumers are regularly exposed to advertisements and sales pitches at young ages (Story & French, 1994), persuasion knowledge has become a valuable resource for consumers in the marketplace (Friestad & Wright, 1994). Therefore, this research contributes to the literature by studying consumers with a helpful resource that allows them to navigate a marketplace filled with noise and clutter from constant advertisements, sales pitches, and new forms of communication technology. Many consumers are savvy to marketing tactics used by brands, so marketing managers would benefit from finding ways to attract these skeptical consumers. This study fills that gap in the literature by examining how consumers with varying levels of persuasion

knowledge respond to marketers who present them with autonomy in setting the prices of products during an exchange.

Aggressive consumers want to excel and achieve admiration, prestige, and success (Cohen, 1967). Consumers can show this aggression in their physical environment and even online (Han & Vasquez, 2019). Encountering scarcity promotions in newspapers, television advertisements, and even online pop-up ads can create aggressive consumer behavior, including acting violent (Kristofferson *et al.*, 2017). As the scarcity effect makes customers feel less in control in the physical world and complicates their search of products online, it would be beneficial to see how these aggressive consumers respond to varying amounts of control in the price-setting process for products. In addition, consumers are often exposed to fixed-pricing situations. In these instances, consumers have no control over the price. The participative pricing literature has not examined how consumers with varying levels of aggression respond to the increased autonomy in the price-setting process. Exploring how these consumers respond to this freedom in choosing the product price would benefit researchers attempting to understand these consumers and marketing managers looking for segments of consumers when PWYW pricing is implemented within their organizations.

For the retailers facing significant competition in the marketplace (Reynolds & Arnold, 2000), implementing new and unique pricing mechanisms could bring competitive advantage (Guo, 2007). However, prior research on PWYW pricing lacks insights into how persuasion knowledge and aggressive interpersonal orientation impact purchase intentions. This research fills this gap in the literature by exploring how consumers with varying persuasion knowledge and aggressiveness respond to the autonomy in the price-setting process. Understanding the benefits of giving specific consumers control over setting the price of products offers marketing managers more confidence in using elective pricing mechanisms and targeting or avoiding specific consumers for PWYW pricing promotions.

Literature Review

Pay-What-You-Want Pricing

Previous research has investigated the profitability of PWYW pricing by examining consumers' payment amounts (Chao, Fernandez, & Nahata 2015; Kim, Natter, & Spann 2009; Mak, Zwick, & Rao 2010; Weisstein, Choi, & Andersen 2019). PWYW pricing is a profitable strategy in the long run (Riener & Traxler, 2012), but the results of using this pricing mechanism in practice have been mixed. Radiohead found success in implementing PWYW pricing with their album "In Rainbows" (Tyrangiel, 2007). PWYW pricing has also been utilized by other musical artists and performers, including Nine

Inch Nails and Moby (Johnson & Cui, 2013). Even in the rampant sport and entertainment industry, with ticket scalpers wanting to buy tickets at the lowest price possible and resell them at the highest possible price, the Oakland Athletics offered one section of seats using PWYW pricing (George, 2018). In the context of performances at a theater, researchers found that payments attributed to others, along with satisfaction levels with the play, helped predict customer payment amounts (Tena-Sánchez, León-Medina, and Noguera, 2020). Economic self-interest, social image signaling, and fairness have played a role in consumers' choices of prices (Lee, Baumgartner, & Pieters, 2021). These insights shed light on what drives consumers to choose certain prices in this consumption situation.

Other researchers have examined whether PWYW pricing could increase consumer purchase intentions (Gneezy *et al.* 2010; Weisstein, Kukar-Kinney, & Monroe 2016). For example, Kim, Natter, and Spann (2009) suggested that PWYW pricing could be an alternative to product sampling. As a result, organizations could leverage this replacement to make their products part of the consideration set for consumers and increase their future purchase intentions when contemplating a product from that particular category. Therefore, further insights examining how this pricing mechanism could be used in the short term to drive consumer purchase are helpful to marketing managers.

Additionally, researchers have explored other areas of PWYW pricing, including the impacts of situational factors like crowding and time pressure (Sharma, Roy, & Rabbane 2020). They have suggested that marketing managers could utilize PWYW pricing to help determine the willingness to pay for products in the marketplace (Bitsch., Hanf., & Rüdiger, 2020). Therefore, using this pricing mechanism could provide additional insights into consumers' values on different products offered by retailers.

Researchers in PWYW pricing have explored different contexts and situations where the pricing mechanism can succeed and meet the desired goals of marketing managers in the field. Table 1 provides a summary of relevant PWYW pricing literature. It allows us to understand better how consumers respond to this unique pricing mechanism.

Table 1: Summary of PWYW Pricing Literature

Author(s) & Year	Journal	Description & Key Findings
Kim, Natter, & Spann (2009)	<i>Journal of Marketing</i>	Three field studies of sellers using PWYW pricing show that prices paid by consumers were significantly greater than zero and that the use of PWYW pricing even led to an increase in revenues.
Regner & Barria (2009)	<i>Journal of Economic Behavior & Organization</i>	Analyzes the customers' payment behavior of an online musical label, Magnatune. The finding shows that the customers paid what they wanted for albums within a given price range and that the average customers paid far more than the minimum and even higher than the recommended price.

Gneezy, Gneezy, Nelson, & Brown (2010)	<i>Science</i>	Manipulates a field experiment with two factors in the sale of souvenir photos, i.e., fixed prices vs. PWYW (including \$0), and no revenue went to charity vs. half of the revenue went to charity. The finding shows that the charitable treatment was substantially more profitable when participants could pay what they wanted.
Kim, Natter, & Spann (2010)	<i>Review of Marketing Science</i>	Describes how PWYW pricing was successfully implemented at Kish, a moderately priced Persian restaurant in downtown Frankfurt. Kish offers its buffet lunch with the PWYW scheme and reports on a simulation that profitability is mainly based on 'trading up' the continuous inflow of new customers to the more profitable dining offer with fixed prices.
León, Noguera, & Tena-Sánchez (2012)	<i>Social Science Information</i>	Examines the role of prosocial motivations and reciprocity in a PWYW sales strategy. Analyzes empirically the El trato ("The deal") campaign that sells different holiday packages launched by Atrápalo travel company in Spain. The study found that customers behaved in a more self-interested manner.
Johnson & Cui (2013)	<i>Journal of Business Research</i>	Examines the effectiveness of several external reference price strategies used by firms to influence consumers' chosen prices in PWYW pricing. It was found that: (1) not using external reference prices may be the most beneficial strategy; (2) both minimum and maximum prices exhibit a negative influence on consumers' chosen prices in comparison to not offering an external reference price; and (3) the suggested price strategy appears to be an effective means of maximizing the firm's yield while consumers are free to choose their own price.
Schons, Rese, Wieseke, Rasmussen, Weber, & Strotmann (2014)	<i>Marketing Letters</i>	Examine the PWYW scheme dynamics over multiple transactions on an individual customer level to assess the profitability for sellers of frequently bought products and services. Identifies stable individual and relational difference factors which predict steeper or more gradual declines in prices paid. Specifically, customers' individual preferences for fairness and price consciousness, along with their overall satisfaction with the seller, alleviate price declines.
Chao, Fernandez, & Nahata (2015)	<i>Journal of Behavioral & Experimental Economics</i>	Demonstrates with a game-theoretic framework that PWYW pricing can generate positive profits more than charging a fixed price to all consumers.
Natter & Kaufmann (2015)	<i>Journal of Behavioral & Experimental Economics</i>	Examines four voluntary market payment mechanisms (i.e., tipping, PWYW, donations, and gift-giving) and discusses important findings on three research streams.
Regner (2015)	<i>Journal of Behavioral & Experimental Economics</i>	Surveys 227 frequent customers of an online music store, Magnatune. The store allows customers to use the PWYW scheme for albums as long as the payment is within a given price range (\$5-\$18). The finding shows that reciprocity is the major driver for generous voluntary payments.
Weisstein, Kukar-Kinney, & Monroe (2016)	<i>Journal of Business Research</i>	Explores the effects of PWYW pricing on the Internet and extends the scope of the investigation to tangible products purchased before consumption. Examines empirically two factors (i.e., virtual product experience and seller-supplied anchor price) that interact with brand familiarity to influence positively online shoppers' responses to

		PWYW pricing. The finding shows that perceived quality influences PWYW prices.
Krämer, Schmidt, Spann, & Stich (2017)	<i>Journal of Economic Behavior & Organization</i>	Compares the nature and effects of PWYW and Name-Your-Own-Price (NYOP) in lab experiments. Reveals that PWYW is very aggressive with full market penetration and profitable only if there are promotional benefits. In contrast, NYOP is less aggressive with a segmented market and reduces price competition. However, it can be profitable when marginal costs are high and promotional benefits are none.
Park, Nam, & Lee (2017)	<i>Journal of Behavioral & Experimental Economics</i>	Examines consumers' behavior under the PWYW pricing through a series of field experiments in which different pricing schemes are implemented. Shows that the PWYW scheme, when combined with charitable giving and a suggested price, does not harm profitability.
Stangl & Prayag (2018)	<i>Annals of Tourism Research</i>	Examines collaborative pricing in the tourism service and assesses minimum, maximum, and PWYW prices for self-selected tourist packages. Confirms that PWYW yields higher prices paid by tourists compared to traditional list prices.
Weisstein, Choi & Andersen (2019)	<i>Journal of Retailing & Consumer Services</i>	Investigates the effectiveness of adopting external reference price (ERP) in influencing consumers' PWYW final payments across different product types. Uses two experiments to show the effectiveness of using ERP scheme heavily depends on the nature of the product category (i.e., hedonic vs. utilitarian).

Autonomy

Consumers enjoy having choices in the consumption process (Fernandez, Brittain, & Bennett 2011). Therefore, retailers providing consumers with more autonomy in the price-setting process could achieve desirable outcomes, including higher purchase likelihood and perceived satisfaction. Firms offering PWYW pricing give consumers more autonomy with their individual choices and preferences (Bertini & Koenigsberg, 2014).

There are instances where consumers have too many choices, i.e., choice overload (Scheibehenne, Greifeneder, & Todd 2010). For example, park and Jang (2013) found that when too many options were provided to tourists, they became too confused to make any choice. As a result, consumers have become “paralyzed” during consumption (Tugend, 2010). This has been observed in different settings, including healthcare (Williams, Alderson, & Farsides 2002), education (Ackerman & Gross, 2006), and even purchasing products for pets (Case, 2014).

With unlimited choices of payment amounts in PWYW pricing, consumers could experience choice overload. Businesses can minimize this by offering an external reference price cue, like providing a suggested product price (Johnson & Cui, 2013). Furthermore, external online anchor prices should not be provided for unknown online brands; they are beneficial only for known brands in an online setting (Weisstein, Kukar-

Kinney, & Monroe, 2016). Therefore, this conflict in the literature needs to be addressed, and this research helps provide more insights into how consumers respond when provided with choices during the exchange process.

Self-determination theory indicates that consumers prefer having more control and choices in the price-setting process. This involves consumer tendencies and psychological needs. It is primarily concerned with the motivation behind consumer choices. The theory advocates that some consumers may be driven by their need for autonomy in the consumption process (Deci & Ryan 1985, 2000; Ryan & Deci, 2000). Some consumers prefer autonomy (Hershatter & Epstein, 2010); offering autonomy may increase purchase intentions when businesses implement elective pricing.

Deci and Ryan (2012) claim that self-determination theory differentiates motivation from control and autonomy. This is directly related to firms forcing consumers to purchase products at a specified price (fixed-pricing) or letting the consumers decide the price (PWYW pricing). Reactance theory is closely related to self-determination theory and suggests that individuals will act out on others who seek to restrict their freedom or choices (Brehm, 1966). This theory has been examined in other pricing contexts such as tolls for using roads (Schade & Baum, 2007), buying a vehicle, and even purchasing soda (Brehm, 1998). Applying reactance theory to pricing autonomy suggests that consumers prefer having more autonomy in the price-setting process, and firms achieve better outcomes when giving consumers the ability to pay what they want. Therefore, it is hypothesized:

H1: Participants exposed to elective pricing have significantly higher purchase likelihood and perceived satisfaction than those exposed to fixed pricing.

Persuasion Knowledge

Persuasion knowledge is one aspect of consumer self-confidence and is related to skepticism. Consumer self-confidence comprises information acquisition, consideration-set formation, personal outcomes decision making, social outcomes decision making, and marketplace interfaces. It is the extent a consumer feels capable and assured with their marketplace behaviors and decisions (Bearden, Hardesty, & Rose 2001). Persuasion knowledge consists of consumer beliefs in and knowledge of a company's goals, products, and strategies (Friestad & Wright, 1995). This includes the confidence consumers have in their understanding of a company's marketing strategies that are being implemented. Consumers may be more or less skeptical of communications from a business. Managers would benefit from understanding whether these consumers should be given more or less control in setting the price.

Persuasion knowledge plays an active role in consumers' processing marketing communications (Hibbert *et al.*, 2007). When consumers question the motivation of the business with which they are interacting, this can prompt the use of more persuasion knowledge (Friestad & Wright 1994; 1995). In addition to consumers using their persuasion knowledge when exposed to marketing communications and interacting with businesses, different levels of persuasion knowledge have been found to impact consumer purchase decisions. Campbell and Kirmani (2000) found that consumers with higher levels of persuasion knowledge were more likely to attribute ulterior motives to the source of persuasive communication and less likely to be persuaded by the source. Other research has found that higher levels of persuasion knowledge were associated with higher purchase intentions, e.g., children with video games advertised to them (Vanwesenbeeck, Walrave, & Ponnet 2017). Hardesty, Bearden, and Carlson (2007) explored implications of consumer persuasion knowledge on reactions to pricing tactics. Consumers with higher levels of persuasion knowledge were more predictive of choice.

In some instances, consumers with high persuasion knowledge had less favorable purchase intentions. Van Reijmersdal *et al.* (2016) examined how consumers responded to disclosures of native advertisements, also called sponsored content (Pogue, 2015). Native advertisement looks like the surrounding content and may mislead some consumers to believe the advertisement is the actual content from the publication platform. In the U.S., it is legally permissible if there is sufficient disclosure (FTC, 2015). As a result, consumers with higher persuasion knowledge will form less favorable brand attitudes and purchase intentions. Similarly, Boyer *et al.* (2015) note that consumers have less favorable attitudes and behavioral intentions when a brand is doing covert marketing. This can be overcome if consumers have a positive experience using the product.

Based on these previous findings in the literature, this research provides further insights into participative pricing for individuals with different levels of persuasion knowledge on consumer purchase intentions. Consumers with a better understanding of the goals, products, and strategies implemented by a company should have higher purchase intentions than those feeling less informed. Furthermore, favorable outcomes will be expected if consumers are not being misled through native advertisements of covert marketing strategies. Therefore, it is hypothesized:

H2: Participants with high persuasion knowledge have significantly higher purchase likelihood and perceived satisfaction than with low persuasion knowledge.

With persuasion knowledge consists of the ability to understand and cope with tactics employed by marketers (Bearden, Hardesty, & Rose 2001), it may be altered when consumers are given more control in the purchasing process. For example, if consumers with high persuasion knowledge have pricing autonomy, the skepticism formed in the

persuasive messaging may be reduced (Campbell and Kirmani, 2000), increasing the purchase intentions.

Moreover, when consumers with different levels of persuasion knowledge are given different amounts of price-setting autonomy, their purchase intentions will be affected significantly. Previous research found that autonomy was important to consumers when persuasion knowledge was high (Ngamvichaikit & Beise-Zee, 2014). Conversely, when persuasion knowledge was low, decision autonomy was found to have no impact on consumer satisfaction (Ngamvichaikit & Beise-Zee, 2014). Therefore, it is hypothesized:

H3a: Participants with higher persuasion knowledge have higher purchase likelihood and perceived satisfaction when exposed to PWYW pricing than fixed pricing.

H3b: Participants with lower persuasion knowledge have no significant difference in purchase likelihood and perceived satisfaction whether they are exposed to fixed-pricing or PWYW pricing.

Aggression

In addition to compliance and detachment, aggression is another factor of interpersonal orientation (Horney, 1945). Aggressive consumers want to achieve success and admiration. They also want to excel in meeting their goals and be prestigious (Cohen, 1967). Downing (2018) argues that reality television shows have normalized aggression and bullying in our society, making this an important area to study because more consumers possess this trait.

Aggressive behaviors can range from hostile behaviors, such as sabotaging brands, boycotting brands, or generating negative word-of-mouth (Kähr *et al.*, 2016). This is evident with the new “cancel culture” trend occurring in society. Generating negative electronic word-of-mouth by posting negative reviews about a business is one approach consumers can take to display aggressive behaviors. Aggressive consumers acting out in this manner can negatively affect other consumers, including lowering their purchase intentions and damaging brand evaluations (Chang *et al.*, 2015; Chevalier & Mayzlin, 2006). In addition, the more aggressive the consumers are, the more competition the other stakeholders face (Beranek & Kamerschen, 2013).

Previous research has found that aggressive consumers spend a significant amount of time looking for the lowest price of products when shopping online (Lu, Tang, & Xing, 2009). This finding suggests that these consumers spend a considerable amount of time searching for products that fulfill their specific wants and needs and help them achieve their future goals. To achieve a certain social status, some consumers may buy

counterfeit luxury brands to achieve this goal (Khan & Fazili, 2019). Therefore, the levels of purchase likelihood and product satisfaction are higher among these consumers because they have a stronger desire to obtain these products than those who do not. Self-determination theory suggests that aggressive consumers would be motivated to achieve these individual goals. Therefore, it is hypothesized:

H4: Participants with high aggressiveness have significantly higher purchase likelihood and perceived satisfaction than with low aggressiveness.

The increased interpersonal aggression has increased the desire for autonomy (Agnew, 1984; Piquero & Brezina, 2001). Employees with interpersonal aggression are motivated to reduce negative affect (Spector & Fox, 2002) and perceived interpersonal injustice (Greenberg & Alge, 1998; Jawahar, 2002). Raver (2004) argues that when employees are given autonomy to schedule tasks during the workday, this can reduce these negative affect levels and put them in a better mood.

Aggressive consumers who want to purchase may also want to set product prices to meet their personal consumption goals and individual budgets. Previous research has found that personality types (Type-A) and perceived control are associated with service failures and customer complaints (Huang & Chang, 2008). Aggressive consumers view others as competitors (Cohen, 1967) and may purchase products so long as the products can help them reach their ultimate goals. Therefore, these highly aggressive consumers may have higher purchase intentions regardless of autonomy in the price-setting process. Those with low aggressiveness may not have a strong desire to achieve their goals. However, other consumers who desire autonomy may have higher purchase intentions when given freedom in the price-setting process (Hershatler & Epstein, 2010). Therefore, it is hypothesized:

H5a: Participants with lower aggressiveness have significantly lower purchase likelihood and perceived satisfaction when exposed to fixed-pricing than PWYW-pricing.

H5b: Participants with higher aggressiveness feel no significant difference in purchase likelihood and perceived satisfaction whether they are exposed to fixed-pricing or PWYW pricing.

Figure 1 displays the research model derived from the hypotheses above.

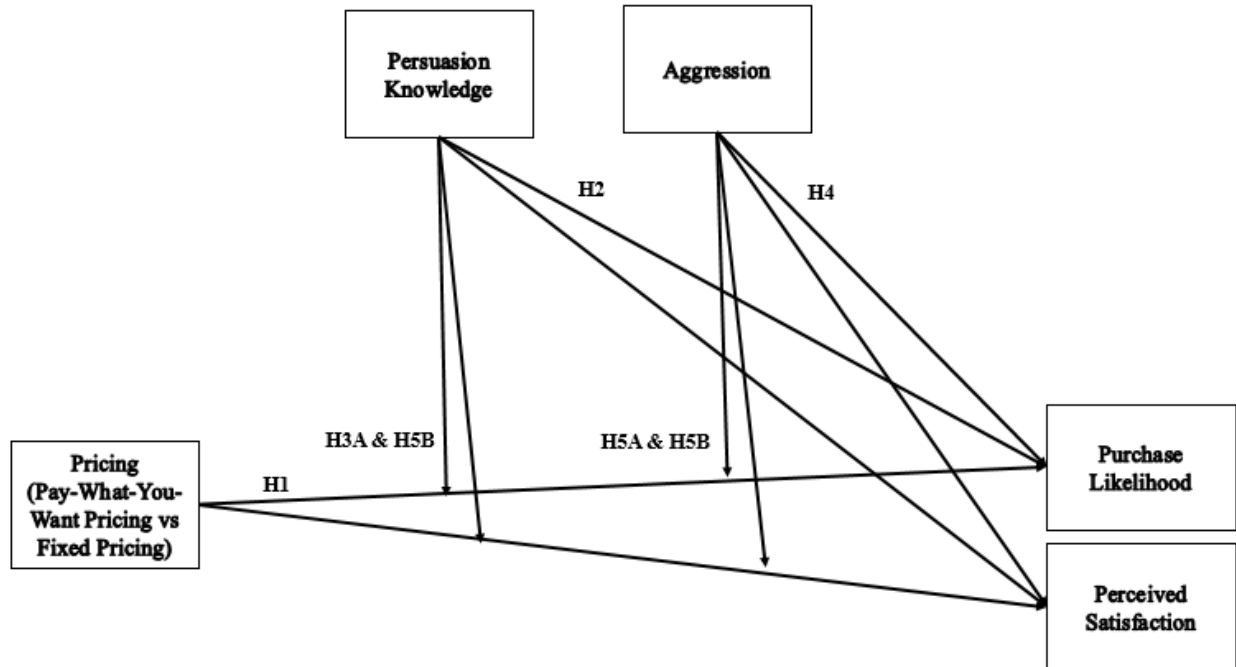


Figure 1: Research Model

Method


An experimental design of 2 (Pricing Autonomy: PWYW Pricing vs. Fixed-Pricing) \times 1 (Persuasion Knowledge) \times 1 (Aggressiveness) between-subjects was utilized. Both persuasion knowledge and aggressiveness were measured from participant responses to scaled questions resulting in continuous variables. In addition, a mean-split technique was utilized to turn them into categorical variables. Although previous research has argued against dichotomization of continuous variables (Fitzsimons, 2008), others have argued this should be an acceptable practice and supported using this technique in the research process (Pham, 2015).

Participants were randomly assigned to either the PWYW pricing condition or the fixed-pricing condition. In the PWYW pricing condition, participants were told they had full control in setting the product price, while in the fixed-pricing condition, the price is unnegotiable. Participants were given the scenario of purchasing products from a fictitious pizza retail store. As pizza is a common food product, this is a typical consumption scenario for consumers. Several pizza retailers have used some form of elective pricing. For example, MOD Pizza, a popular pizza chain, used PWYW pricing as a short-term pricing promotion strategy to attract consumers to try their products (Watson, 2019). A smaller pizza store out of Philadelphia, Pennsylvania, allows

consumers to “pay it forward” by purchasing slices of pizza for other patrons (Fiedler, 2015). This gives consumers the control of paying for their meals or the meals of others in need. Looking broadly at retail food locations, smaller businesses have utilized this daily as a long-term pricing model (Guildford, 2019).


Procedure

Participants were recruited through Amazon Mechanical Turk. They received \$1.00 as compensation for participating in the 10-minute experiment. They were asked to read an advertisement for a fictitious pizza retailer (Metropolis Pizza). A fictitious retailer was chosen to minimize the potential for confounding variables with better control of the content and information available to participants in the scenario (Arzheimer, Evans, & Lewis-Beck, 2016). The advertisements included information about the pricing mechanisms (see Figure 2).

Metropolis Pizza 

Pricing Promotion

- Metropolis Pizza offers **fixed** pricing.
 - You **must pay** the price listed.
 - There is **no negotiation** of the prices listed.

Metropolis Pizza 

Pricing Promotion

- Metropolis Pizza offers **pay-what-you-want** pricing.
 - You have **full control** of setting the price.
 - This includes **choosing any price** from \$0 to infinity.

Figure 2: Advertisements of Two Pricing Schemes

After seeing the advertisement, participants responded to a series of questions, including manipulation checks, dependent variables of interest (purchase likelihood and perceived satisfaction), consumer individual difference variables (persuasion knowledge and aggressiveness), attention checks, and demographics. Once participants completed the experiment, they were thanked and provided with a code to access their compensation.

Participants

After excluding participants missing one or more of the attention checks, the final sample size was 274. Based on the demographic information obtained from the sample, it appears to be generalizable to the population. Specifically, male respondents comprised

54% of the sample, while the average age of all respondents was 37 years old, 46% were married, and 75% were Caucasian.

Measurement Instruments

A 12-item measure for the pricing autonomy manipulation check was adapted from Hagger *et al.* (2007). A 7-point Likert scale (1-Strongly Disagree, 7-Strongly Agree) was chosen to measure the perceived autonomy of the participants across the two conditions. In addition, recorded responses were used to check if the pricing autonomy manipulation was successful from the pizza retailing advertisement. The Cronbach's alpha of the 12 items was .95, which supports the internal consistency and that the set of items are closely related to one another (Cohen *et al.*, 2003).

Persuasion knowledge was measured using a 6-item scale adapted from Bearden, Hardesty, and Rose (2001), which is commonly used to measure persuasion knowledge in the consumer behavior literature. Persuasion knowledge is one of the factors making up consumer self-confidence. All items used a 7-point Likert scale (1-Extremely Uncharacteristic, 7-Extremely Characteristic) and Cronbach's alpha was .85.

Aggressiveness was measured using a 15-item scale adapted from Cohen (1967). The scale has been previously tested and found to be reliable and valid in measuring aggressive consumers. It has been utilized throughout the consumer behavior literature to measure aggressiveness, one of three consumer types listed under the interpersonal orientation scale. A 7-point scale (1-Extremely Undesirable, 7-Extremely Desirable) was used and Cronbach's alpha was .86.

The two dependent variables examined were purchase likelihood and perceived satisfaction. Purchase likelihood was measured using a 3-item variable adapted from Dodds, Monroe, and Grewal (1991). A 7-point Likert scale (1-Very Unlikely, 7-Very Likely) was used and Cronbach's alpha was .96. Perceived satisfaction was measured using a 4-item scale adapted from Taylor and Baker (1994). A 7-point Likert scale (1-Strongly Disagree, 7-Strongly Agree; 1-Extremely Dissatisfied, 7-Extremely Satisfied) was used and the Cronbach's alpha was .94. The scales of purchase likelihood and perceived satisfaction were adapted from commonly cited studies to measure these variables in the consumer behavior field. Table 2 displays the variables, items, scales, and Cronbach's alpha values. All alpha values are more than the recommended threshold of 0.70, indicating the significance of reliabilities (Cohen *et al.*, 2003).

Table 2: Study Variables, Items, Scales, and Reliabilities

Variables	Items	Scale Points		Cronbach's Alpha
Pricing Autonomy	I feel that Metropolis Pizza provides me with choices, options, and opportunities with their products.	1: Strongly Disagree	7: Strongly Agree	0.95
	I think Metropolis Pizza understands why I choose to buy or not buy their products.			

	Metropolis Pizza displays confidence in my ability to purchase its products.			
	Metropolis Pizza encourages me to buy their products.			
	Metropolis Pizza listens to me about their products.			
	Metropolis Pizza provides me with positive feedback when purchasing its products.			
	I can talk to Metropolis Pizza about their products.			
	Metropolis Pizza understands why I need their products.			
	Metropolis Pizza answers my questions about their products.			
	Metropolis Pizza cares about its products.			
	I feel I can share my experiences with the products I purchase with Metropolis Pizza.			
	I trust Metropolis Pizza's advice about their products.			
Purchase Likelihood	The likelihood of purchasing this food is:	1: Very Low	7: Very High	0.959
	The probability that I would consider buying this food is:			
	My willingness to buy this food is:			
Perceived Satisfaction	If I needed food, I believe I would be satisfied with this food.	1: Strongly Disagree	7: Strongly Agree	0.94
	Overall, in purchasing the food, I believe that I would be pleased with the food.			
	I believe that purchasing the food is a satisfying experience.			
	My feeling toward the food at Metropolis Pizza can be described as:	1: Extremely Dissatisfied	7: Extremely Satisfied	
Persuasion Knowledge	I know when an offer is "too good to be true."	1: Extremely Uncharacteristic	7: Extremely Characteristic	0.852
	I can tell when an offer has strings attached.			
	I have no trouble understanding the bargaining tactics used by salespersons.			
	I know when a marketer is pressuring me to buy.			
	I can see through sales gimmicks used to get consumers to buy.			
	I can separate facts from fantasy in advertising.			
Aggression	To refuse to give in to others in an argument seems:	1: Extremely Undesirable	7: Extremely Desirable	0.858
	For me to be able to own an item before most of my friends can buy it would be:			
	Knowing that others are somewhat envious of me is:			
	Using pull to get ahead about be:			
	For me to have enough money or power to impress self-styled "big shorts" would be:			
	To be able to work under tension would be:			
	Pushing those who insult my honor is:			
	Standing in the way of people who are too sure of themselves is:			

Telling a waiter when you have received inferior food is:			
To be able to spot and exploit weaknesses in others is:			
A strong desire to surpass others' achievements seems:			
To have the ability to blame others for their mistakes is:			
Having to compete with others for various rewards is:			
To defend my rights by force would be:			
Correcting people who express an ignorant belief is:			

Results

First, a manipulation check was conducted to ensure that participants in the PWYW pricing scenario felt significantly more autonomy than those in the fixed pricing scenario. A successful manipulation check provides more confidence in the results generated from the study. When the manipulation check was conducted, a between-subjects one-way analysis of variance (ANOVA) was utilized. The perceived levels of autonomy across the PWYW and fixed-pricing conditions were compared. The results suggest that the pricing autonomy manipulation was successful. Participants in the PWYW pricing scenario rated the levels of autonomy significantly ($mean = 5.76, \sigma = .84$) than those in the fixed-pricing condition ($mean = 5.18, \sigma = 1.17$), with $F(1, 272) = 22.57, p < .01$.

Next, a between-subjects one-way ANOVA was conducted to compare the effects of pricing autonomy on purchase likelihood and perceived satisfaction. This allowed for a comparison of purchase likelihood and perceived satisfaction between the PWYW and fixed pricing conditions. When testing H1, a significant main effect of pricing autonomy on purchase likelihood ($F(1, 272) = 41.84, p < .01$) was observed. Participants had significantly higher purchase likelihood when presented a PWYW pricing mechanism ($mean = 5.78, \sigma = .11$) than the fixed-pricing mechanism ($mean = 4.74, \sigma = .11$). There was a significant main effect of price autonomy on perceived satisfaction ($F(1, 272) = 21.88, p < .01$). Participants had significantly higher perceived satisfaction when presented a PWYW pricing mechanism ($mean = 5.84, \sigma = .10$) than the fixed-pricing mechanism ($mean = 5.20, \sigma = .10$). Together, these findings support H1 as participants exposed to elective pricing were found to have significantly higher purchase likelihood and perceived satisfaction than those exposed to fixed prices.

Regarding H2, a significant main effect of persuasion knowledge on purchase likelihood ($F(1, 272) = 4.72, p = .03$) was found. Furthermore, a mean-split technique was utilized to verify the results. Participants above the mean persuasion knowledge of the

sample were placed in the high persuasion knowledge group, and individuals below the mean persuasion knowledge of the sample were in the low persuasion knowledge group. After applying the mean-split technique, the main effect findings of persuasion knowledge on purchase likelihood ($F(1, 272) = 4.94, p = .03$) were successfully replicated utilizing a one-way between-subjects AVOVA. Participants had significantly higher purchase likelihood when they had higher levels of persuasion knowledge ($mean = 5.43, \sigma = .12$) than participants with lower persuasion knowledge ($mean = 5.05, \sigma = .13$). In addition, there was a significant main effect of persuasion knowledge on perceived satisfaction ($F(1, 272) = 4.48, p = .04$). Similar to the main effect of persuasion knowledge on purchase likelihood results, a mean-split technique was used to turn the continuous variable of persuasion knowledge into a categorical variable to verify the results. The main effect findings of persuasion knowledge on perceived satisfaction ($F(1, 272) = 4.62, p = .03$) were successfully replicated using a between-subjects one-way ANOVA. Participants had significantly higher perceived satisfaction when they had higher levels of persuasion knowledge ($mean = 5.66, \sigma = .11$) than participants with lower levels of persuasion knowledge ($mean = 5.35, \sigma = .10$). Altogether, these findings support H2 that participants with high persuasion knowledge have significantly higher levels of purchase intentions than with low levels of persuasion knowledge.

Next, the interaction effect between pricing autonomy and persuasion knowledge hypothesized in H3a and H3b was tested. More specifically, this attempts to identify if persuasion knowledge moderates the relationship between pricing autonomy and the two dependent variables of interest (purchase likelihood and perceived satisfaction). Figure 3 shows a significant interaction effect of pricing autonomy and persuasion knowledge on purchase likelihood ($t = 2.27, p = .02$). A Johnson-Neyman technique (Johnson & Neyman, 1936) was utilized to show the point at which the interaction becomes significant (Johnson & Fay 1950). The technique recognizes areas of significance, which are the moderator values where the effect of the independent variable changes from being statistically significant to non-significant. This statistical procedure offers additional information on the interaction effect; instead of fixed and arbitrary values, it evaluates the significance of the effects along the moderator's continuous scale. Information across all levels of the moderator is obtained with the Johnson-Neyman technique, while other less comprehensive and robust techniques focus only on values located at one standard deviation above and below the mean (Spiller *et al.*, 2013). The Johnson-Neyman technique shows that the interaction effect becomes significant when persuasion knowledge rises above 4.48.

Figure 4 shows a marginally significant interaction effect of pricing autonomy and persuasion knowledge on perceived satisfaction ($t = 1.86, p = .06$). The Johnson-Neyman technique shows that the interaction effect becomes significant when persuasion knowledge rises above 4.80. These findings support H3a and H3b. Participants with higher levels of persuasion knowledge have significantly higher purchase likelihood and perceived satisfaction when exposed to PWYW pricing than when exposed to fixed

pricing. Participants with lower levels of persuasion knowledge have no significant difference in purchase intentions whether they are exposed to fixed-pricing or PWYW pricing.

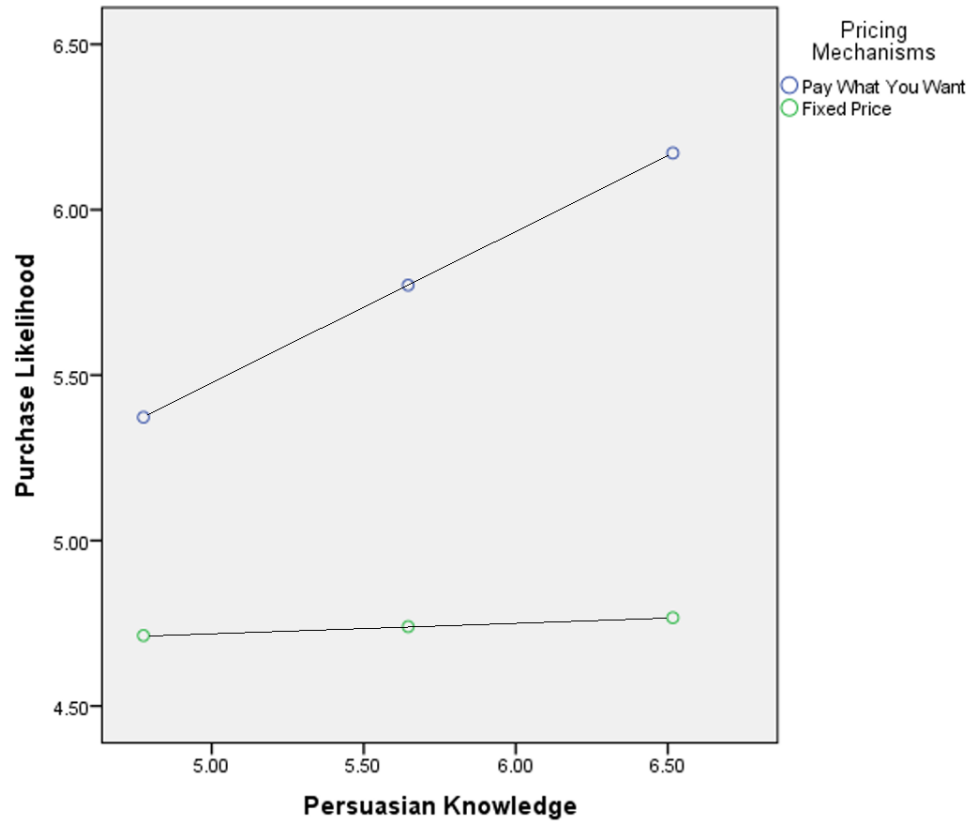


Figure 3: Pricing Autonomy and Persuasion Knowledge on Purchase Likelihood

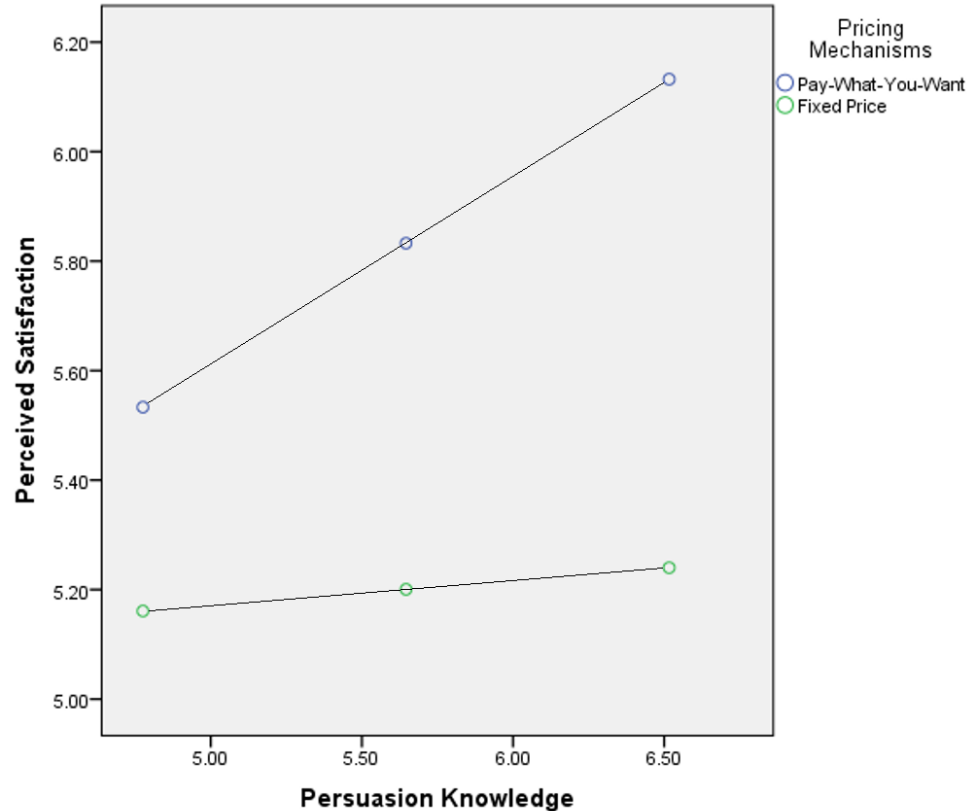


Figure 4: Pricing Autonomy and Persuasion Knowledge on Perceived Satisfaction

When testing H4, a significant main effect of aggressiveness on purchase likelihood ($F(1, 272) = 9.24, p < .01$) was found. Since this was a measured continuous variable, a mean-split technique was used to verify the results. After applying the mean-split technique, the main effect findings of aggressiveness on purchase likelihood ($F(1, 272) = 9.25, p < .01$) were successfully replicated using a between-subjects one-way ANOVA. Participants with higher aggressiveness had significantly higher purchase likelihood ($mean = 5.54, \sigma = .13$) than with lower aggressiveness ($mean = 5.02, \sigma = .12$). There was a significant main effect of aggressiveness on perceived satisfaction ($F(1, 272) = 7.42, p = .01$). Similar to the main effect of aggressiveness on purchase likelihood results, a mean-split technique was used to turn the continuous variable of aggressiveness into a categorical variable to verify the results. When doing this, the main effect findings of aggressiveness on perceived satisfaction ($F(1, 272) = 4.49, p = .04$) were successfully replicated utilizing a between-subjects one-way ANOVA. Participants with higher aggressiveness had significantly higher perceived satisfaction ($mean = 5.68, \sigma = .11$) than with lower aggressiveness ($mean = 5.38, \sigma = .10$). All these findings together support H4 that participants with high aggressiveness have significantly higher purchase intentions and perceived satisfaction than with low aggressiveness.

Lastly, the proposed interaction effect in H5a and H5b between pricing autonomy and aggressiveness on purchase likelihood and perceived satisfaction was tested. More specifically, this analysis determines if aggression moderates the relationship between pricing autonomy and the two dependent variables of interest (purchase likelihood and perceived satisfaction). Figure 5 shows a significant interaction effect of pricing autonomy and aggressiveness on purchase likelihood ($t = 2.36, p = .02$). The Johnson-Neyman technique shows that the interaction effect becomes significant when aggressiveness falls below 5.25. Figure 6 shows a significant interaction effect of pricing autonomy and aggressiveness on perceived satisfaction ($t = 2.57, p = .01$). The Johnson-Neyman technique shows that the interaction effect becomes significant when aggressiveness falls below 4.77. These findings support H5a and H5b. Participants with lower aggressiveness have significantly lower purchase intentions when exposed to fixed pricing than PWYW pricing. In contrast, participants with higher aggressiveness have no significant difference in purchase intentions across both scenarios.

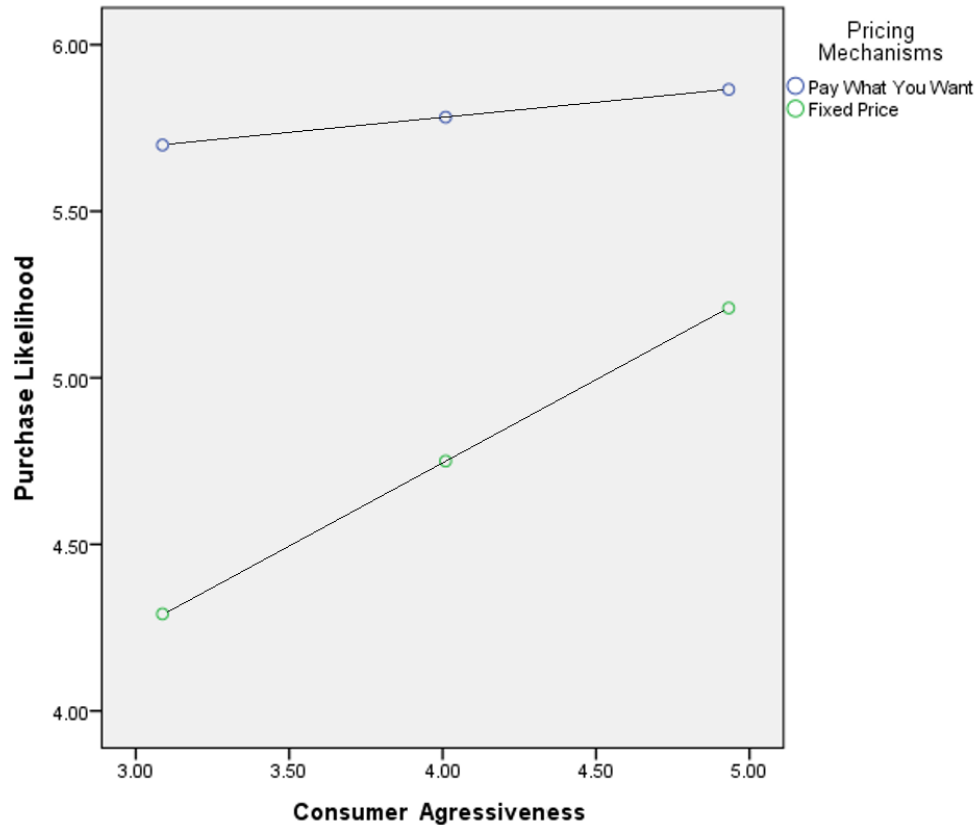


Figure 5: Interaction Effect of Pricing Autonomy and Aggressiveness on Purchase Likelihood

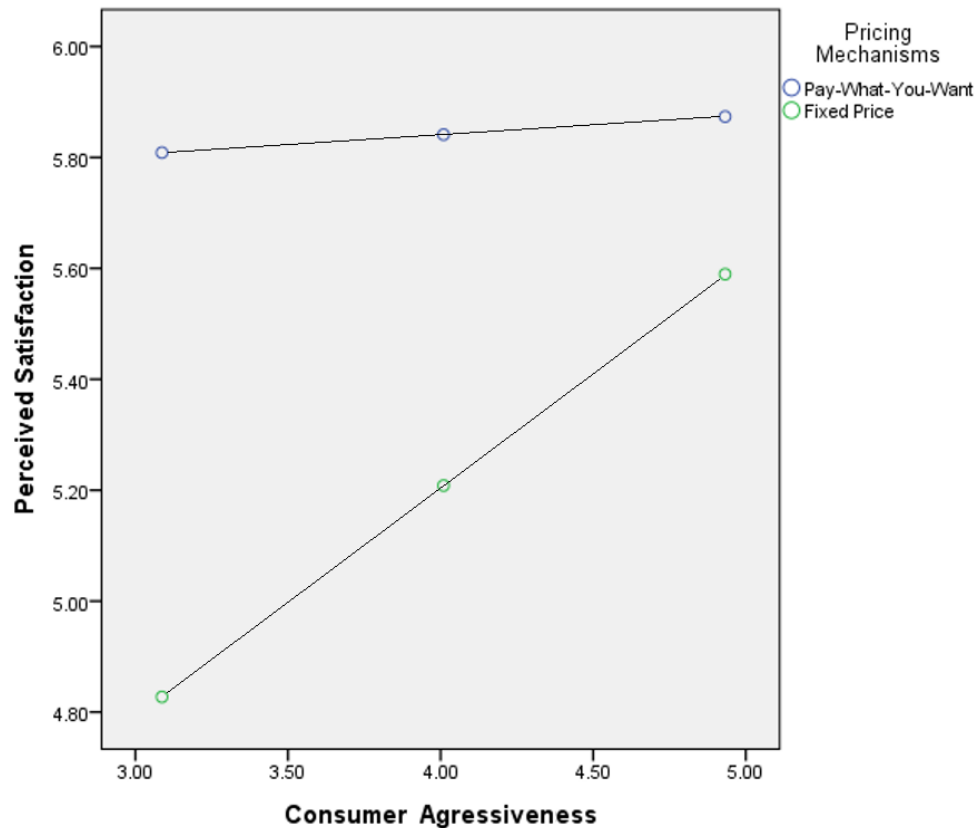


Figure 6: Interaction Effect of Pricing Autonomy and Aggressiveness on Perceived Satisfaction

Discussion

These robust results provide confidence in the findings of this study. Overall, these findings support that consumers prefer having choices (Bertini & Koenigsberg, 2014; Fernandez, Brittain, & Bennett, 2011). The findings also suggest that consumers with high persuasive knowledge or low aggressive orientation are ideal for pricing promotion. Therefore, marketing managers should segment and target these consumers in the marketplace when offering PWYW pricing.

Marketing managers should target consumers who are more likely to purchase products and be satisfied. This may be the case with consumers with more persuasive knowledge because they will decide whether the offer is a good fit in the given scenario based on their marketing strategies. In addition, the given pizza scenario has limited information about the fictitious company and fails to include any information that might raise “red flags” with these consumers. Since the offer seems legitimate and fair, this may have led these consumers to have higher purchase intentions. Additionally, the

aggressive consumers want to meet their desired goals, and the products in the scenario (food) provide these individuals nutrition and energy to meet these goals. Therefore, acquiring these products would be advantageous to their goals and may lead to higher purchase intentions. Therefore, marketing managers can confidently target these two types of consumers in the marketplace.

These findings support that consumers with greater persuasion knowledge are savvy and well-informed about marketing strategies implemented by organizations (Bearden, Hardesty, & Rose, 2001). Therefore, they would appreciate being offered PWYW pricing over fixed pricing promotions. The findings of this study show more favorable purchase intentions when consumers are exposed to PWYW prices. Those low on persuasion knowledge would not be informed enough about the marketing tactics utilized by businesses, which supports that no significant purchase intentions were observed among them across PWYW and fixed prices. These results further our understanding of how these consumers respond favorably when offered autonomy in the price-setting process. Therefore, marketing managers can promote the PWYW pricing mechanism since it significantly increases purchase likelihood and perceived satisfaction.

The results also support the previous literature on consumers with higher aggressive interpersonal orientation. Since these consumers strive for status to meet their desired goals (Cohen, 1967), they will purchase and consume products under both pricing mechanisms. Conversely, those with lower aggressive interpersonal orientation prefer more autonomy in the price-setting process and have lower purchase intentions for fixed-price products. These results suggest that aggressive consumers tend to obtain products to achieve their goals with or without autonomy in the price-setting process. Consumers with low aggressiveness need pricing autonomy to increase their purchase likelihood and perceived satisfaction. Therefore, low aggressive consumers should be targeted by marketers when utilizing this pricing mechanism as it will significantly increase their purchase intentions over fixed-pricing situations.

Finally, this study empirically examines how consumers with varying levels of persuasion knowledge and aggressiveness react to the pricing mechanisms when they have complete control or no control at establishing product prices. The results of lab experiments empirically support all the relationships and effects hypothesized in this study.

Implications

The findings of this research have significant implications on consumers' participative pricing behavior. First, our understanding of consumer choice has been enhanced by showing consumers' preferences for more autonomy in the price-setting

process. This is evident from the higher levels of purchase intentions when consumers are given control to set product prices in an online retail store.

Second, this study gained insights into participative pricing by examining consumer differences derived from self-confidence (persuasion knowledge) and interpersonal orientation (aggressiveness). This was done by applying Bearden, Hardesty, and Rose (2001) work on persuasion knowledge and Cohen (1967) on aggressive consumers in participative pricing situations.

Findings from this study provide new insights about consumers with high persuasion knowledge when given additional autonomy in the price-setting process. This evidence suggests that consumers who are more knowledgeable about marketing tactics utilized by companies are more informed and confident in their consumption decisions, leading to higher purchase intentions. This research also supports that aggressive consumers have higher purchase intentions than their less aggressive counterparts across the different pricing mechanisms. This furthers our understanding by showing a context where they are more likely to purchase products and be satisfied. In addition, this research examines consumer traits and individual differences and shows how they interact with varying levels of autonomy in the price-setting process.

The results of this study have significant implications for marketing managers looking to implement PWYW pricing or to target consumers with varying levels of persuasion knowledge or aggressiveness. Managers now see the effectiveness of PWYW pricing in increasing consumer purchase intentions. However, this study does not support consumers paying more when presented with the PWYW pricing mechanism. But with higher levels of purchase likelihood and perceived satisfaction, marketing managers could implement PWYW pricing as a short-term promotion strategy, similar to the "Pay-What-You-Want Day" implemented by MOD Pizza in the past (Watson, 2019). It helps bring in new customers to try and sample their pizza, leading to future purchases by consumers and a preference for the MOD pizza chain over competitors in the area.

The PWYW pricing is effective when retailers strive to get consumers to try their products in a highly competitive market. This pricing scheme may work well when regular customers have not visited the retail location for a long time, or the consumers have never visited the location. Because of deploying the PWYW scheme, managers could increase the possibility of consumers' visiting their stores, making a purchase, and having a positive experience. Even after the PWYW short-term promotion ends, consumers may still visit the retail store and make purchases.

New insights are provided to managers about consumers with persuasion knowledge and aggressiveness. For example, retailers offering fixed or PWYW prices could target consumers having higher persuasion knowledge and aggressiveness as they tend to have higher purchase likelihood and perceived satisfaction than their

counterparts. Therefore, marketers should understand new consumers' persuasion knowledge and aggressiveness through a survey. In addition, many retailers offer a customer loyalty program linked to their customer relationship management system. Identifying and targeting consumers with higher levels of these characteristics could improve conversion rates.

Conclusion

Through self-determination theory (Deci & Ryan, 2012), this research investigated how persuasion knowledge and aggressive interpersonal orientation influence purchase intentions when consumers have different levels of autonomy in the price-setting process. Moreover, the study attempted to resolve the research questions of whether pricing autonomy altered consumer purchase likelihood and perceived satisfaction levels and identified certain consumers to target when offering pay-what-you-want pricing promotions.

The results from the study suggest that consumers receiving more autonomy in the price-setting process have higher levels of purchase intentions (purchase likelihood and perceived satisfaction). In general, consumers with higher levels of persuasion knowledge or aggressive interpersonal orientation have higher purchase intentions. Therefore, marketing managers should target consumers with higher persuasion knowledge when offering PWYW pricing promotions to attain higher purchase likelihood and perceived satisfaction.

Finally, consumers with lower aggressive interpersonal orientation had significantly higher purchase intentions when exposed to PWYW prices. In contrast, those with higher aggression had no difference in purchase intentions across the two types of pricing mechanisms. Therefore, marketing managers should avoid offering fixed prices to consumers with lower levels of aggression.

Limitations and Future Research

This study has some limitations and suggestions for future research. First, the results of this study came from only one setting, a pizza retailer. Future research could replicate findings under different retail settings and consumption situations. Second, more examination into how consumers respond to online purchases would be insightful. As the technology has changed how consumers search for product information (Blair, 2019), examining whether the findings of this study hold with online purchase through

different mobile technology would be beneficial. This would provide further support for the findings of this research and give marketing managers more confidence when implementing PWYW pricing in their retail locations. This is especially the case when business models are changing, and consumers are more connected through technology (Blair, 2016).

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