

The role of contextual factors in increasing Pay-What-You-Want payments: evidence from field experiments

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The role of contextual factors in increasing Pay-What-You-Want payments: evidence from field experiments

Abstract

In the real world, PWYW businesses can either engage supervised payments or honour boxes where consumers can drop their loose change to make payments. As consumers can pay any amount (including zero) for PWYW payments, the current work delineates conditions under which higher payments can be encouraged. Findings from a series of field experiments show that low arousal music facilitates higher PWYW payments under an external influence (e.g., a salesperson), while high arousal music motivates consumers to make higher payments when they carry more versus less loose change. Further, the interactions of music with salesperson and loose change respectively drives higher payments through the subject's internal reference price. The current work is novel in testing the influence of salesperson, loose change and music driving higher PWYW payments. The current work also provides managers with a strategic tool (e.g., ambient music) that will help drive higher PWYW payments.

Keywords: Pay-what-you-want, salesperson, loose change, arousal, music

1.Introduction

In recent times, many businesses such as restaurants, hotels, cafés and online music retailers have started implementing the innovative Pay-What-You-Want (PWYW) pricing strategy in the marketplace (Lee *et al.*, 2018; Mak *et al.*, 2015; Mendoza-Abarca and Mellema, 2016). Under this pricing strategy, buyers can pay any price (including zero) for a product or service offered by the seller, and the latter cannot withdraw the offer (Kim *et al.*, 2009). Findings show that PWYW strategy can be influenced by a range of internal (e.g., altruism) and external variables (e.g., social presence) in decision making (Fowler & Thomas, 2019; Kim *et al.*, 2009; Christopher & Machado, 2019). Interestingly, the style of operations for real-world PWYW businesses varies. On one hand, a restaurant may decide to engage a PWYW strategy with supervised payment counters. On the other hand, another PWYW business may engage unsupervised payments, such as an honour box (Jensen, 2016). Extant scholars argue that PWYW businesses may not be sustainable at times (Viglia *et al.*, 2019), and recommend more work to identify conditions that influence positive payments (Gap 1) (Roy *et al.*, 2021; Roy *et al.*, 2016; Kim *et al.*, 2014). Further, scholars encourage that PWYW research should engage field experiments to test theory (Roy *et al.*, 2021).

Findings regarding the influence of social presence on PWYW payments are currently mixed, thereby demanding further inquiries (Gap 2). Several studies argue that social influence has a positive effect (Roy *et al.*, 2021; Hoffman *et al.*, 2021; Roy *et al.*, 2016; Kunter, 2015; Machado & Sinha, 2012), while others argue a negative (Wang, Beck, & Yuan, 2021; Sharma, Roy, & Rabbanee, 2020; Gneezy *et al.*, 2012) or even no impact (Jung *et al.*, 2017). Gneezy *et al.* (2012) find that consumers are willing to forgo a PWYW offer in lieu of another low-priced offer for the same product, driven by social image concerns. Extant findings (Roy *et al.*, 2021; 2016) show that the influence of social presence on PWYW payments is contingent on factors like the presence of others (close versus distant) or the

nature of consumption (private versus public). Based on these works (Roy *et al.*, 2021; 2016; Gneezy *et al.*, 2012), it seems that consumers may feel judged (social image concerns) while making PWYW payments, although such concerns could lessen under certain situations (e.g., private consumption). In the current work, we build upon this line of research to argue that introducing ambient music can mitigate PWYW associated social concerns, especially while making payments in front of a salesperson (an external influence).

Based on real-life considerations of unsupervised payments, the current work also proposes a second variable, e.g. “loose change” (an internal influence) and its impact on PWYW payments in the presence of ambient music. The choice of “loose change” is driven by theoretical considerations as well. For example, extant research reports that loose change influences charitable payments (Fielding & Knowles, 2015), and although PWYW payment is partly driven by altruistic considerations (Kim *et al.*, 2009), no work till date has examined the role of this variable (Gap 3). Music and loose change are both key independent variables that remain part of a naturalistic PWYW environment. For example, consumers can make payments in front of a salesperson after having a three-course meal. Or alternately, consumers can shop on their own and contribute loose change in an honour box. The honour payment studied here underlies many real life PWYW transactions (e.g., museums, farmer stalls, public transport, food business) across the world (Jensen, 2016). Further, extant scholars recommend more work to study how to increase honour payment in business transactions, especially in the field setting (Prochazka, Fedoseeva, & Houdek, 2021).

In the current work we investigate from a customer’s perspective, how external (salesperson) and internal (loose change) sources of influence impact PWYW payments under the influence of music. Based on the relevant literature, it is posited that low arousal music will facilitate PWYW payments under a condition of social presence (e.g., a salesperson). On the other hand, high arousal music will motivate consumers to make higher

payments when consumers pay with loose change. Although prior studies have investigated several factors that impact PWYW amounts (see Table 1), one important factor—*music*—has not been investigated in the PWYW context, even though music has been shown to impact payments across retail (e.g., North *et al.*, 2003) and restaurant (Milliman, 1982, 1986) sectors for fixed price settings. The present study investigates the impact of music on PWYW payments. Given that PWYW pricing is a relatively recent and innovative format, the investigation of the role of music in PWYW payments is a novel contribution of this work.

We further explicate the mechanisms underlying such higher payments. Based on extant literature (Kim *et al.*, 2009; Adaval & Wyer, 2011), we argue that the interactive influence of key independent variables and music drives higher payment through consumers' internal reference price. Extant research shows internal reference price to have the single largest influence on PWYW payments (e.g., Kim *et al.*, 2009). Further, PWYW scholars (Kim *et al.*, 2014) recommend more research studying the systematic influence of consumers' internal reference price on PWYW payments (Gap 4). The current work, therefore, investigates how the consumers' internal reference price plays a nuanced role in influencing higher PWYW payments in the presence of salesperson and loose change.

We address the above gaps 1 to 4 by conducting four field studies. Field experiments 1 and 1a address our gaps on social influence (Gap 2) while experiments 2 and 3 address gaps on loose change (Gap 3). Based on our design, all four experiments help to understand how PWYW payments can be increased, albeit under the influence of music, salesperson and loose change (Gap 1). Finally, field experiments 1 and 3 also provide insights into the underlying mechanism regarding the role of internal reference price (Gap 4). In the subsequent section, we first report the relevant theories leading to the framework of interest (Figure 1). This is based on extant PWYW and music literature. We perform four field experiments to test the key premises of our current work. Finally, we describe our findings

and discuss their implications, along with some limitations of our work and directions for future research.

< Insert Table 1 about here >

< Insert Figure 1 about here >

2. Literature review

PWYW pricing is guided by a social exchange process rather than an economic exchange (Santana & Morwitz, 2021; Mak *et al.*, 2015; Kim *et al.*, 2014). Although consumers can pay nothing for a product under a PWYW framework, past research shows that this is rarely the case (Sharma *et al.*, 2020; Kim *et al.*, 2009). In socially-influenced market relationships, customers are driven by non-economic considerations, such as norms of reciprocity, cooperation and distribution (Heyman & Ariely, 2004). Extant research shows that people are less willing to violate social norms, as such actions would normally result in distress and social disapproval (Santana & Morwitz, 2021; Santana & Morwitz, 2011). Individuals try to avoid undesirable social consequences (e.g., appearing cheap or unfair) while making a payment, thus prompting them to pay a price significantly different from zero (Kim *et al.*, 2009; Santana & Morwitz, 2011; Machado & Sinha, 2012; Roy *et al.*, 2021). Next, we discuss the role of external and internal influences on PWYW payments.

2.1 External influence and Pay-what-you-want

Based on past research, PWYW payments seem to be influenced by external variables. Examples of external influences would be the presence of salesperson or others in the shopping environment (Roy *et al.*, 2021; 2016; Kim *et al.*, 2009). Social presence has been found to have mixed effect on PWYW payments, with studies reporting a positive (Hoffman *et al.*, 2021, Roy *et al.*, 2021; Roy *et al.*, 2016; Kunter, 2015; Machado & Sinha, 2012; Kim *et al.*, 2009), negative (Wang *et al.*, 2021; Gneezy *et al.*, 2012) or even no impact (Jung *et al.*,

2017). Past research shows that consumers try to cope with image concerns associated with being judged while making payments (Gneezy *et al.*, 2012). Consequently, they may avoid a PWYW situation (Wang *et al.*, 2021; Gneezy *et al.*, 2012). Gneezy *et al.* (2012) argue that the fear of being judged can motivate buyers to behave pro-socially and influence their PWYW payments. Paying an inappropriate PWYW price can be detrimental to self-image and consumers may even decide to opt out, if a low-priced option (Gneezy *et al.*, 2012) or an alternate option such as pick your price (PYP) is available (Wang *et al.*, 2021).

Evidently, consumers want to avoid the discomfort associated with deciding their own payments as this goes against marketplace norms. Normally, retailers decide the prices of products or services that they offer in the marketplace. Extant research argues that deciding PWYW prices constitute an exception to such accepted norms (e.g., prices decided by retailers) and can induce discomfort in consumers (Machado & Sinha, 2012). This cognitive discomfort is further aggravated under social presence, i.e. when someone in the immediate environment (e.g., a salesperson) is watching. Consequently, as argued previously, subjects may feel they are being judged while making payments. Furthermore, given that an external influence like salesperson is beyond the consumer's control, ambient music can further moderate the influence of this external variable.

2.2 Internal influence and Pay-what-you-want

People carry loose change, and this can be considered an internal source of influence on payments. Past research shows that consumers tend to spend more when they carry loose change. For example, Mishra *et al.* (2006) found that people spend more money when they have change or smaller parts. On the contrary, people tend to hold onto money if it is in its whole form (a \$50 bill as against five \$10 bills). This phenomenon is known as “bias for the whole” (Mishra *et al.*, 2006) or the “denomination effect” (Raghubir & Srivastava, 2009).

These researchers argue that people consider higher denominations “real money” while they consider smaller denominations “petty cash” (Raghubir & Srivastava, 2009). Other researchers posit that spending with loose change can be driven by convenience, as consumers are less likely to carry bulkier change and more likely to get rid of them compared to equivalent amount held in notes (Vandoros, 2013). In the context of charity, Fielding and Knowles (2015) showed that when asked to donate, people carrying more (vs. less) change donated significantly higher amounts of money. In this work, we argue that music will influence PWYW payments when one is carrying loose change. However, before we discuss our hypotheses, we review the literature on music in the context of human behaviour and marketing.

2.3 Role of music as moderator

Music affects one’s degree of physiological activation, or “arousal.” Arousal is a subjective experience of energy mobilization measured through individual self-report (Kaltcheva & Weitz, 2006; Mehrabian & Russell, 1974). Several studies argue that music’s effect on human behaviour is a consequence of its impact on mood and arousal (Thompson *et al.*, 2001). However, evidence also shows that the impact of arousal on consumer decisions can be independent of one’s mood (Kim *et al.*, 2010). For example, Kim *et al.* (2010) show that after controlling for mood valence (i.e., positive emotions), the level of high versus low arousal (like excitement versus calmness) can lead to differential evaluations for an adventurous versus serene vacation advertisement.

As a key theoretical underpinning, we focus on music’s ability to influence cognitive function and cope with stress. Past research shows that low arousal music can induce relaxation while high arousal music enhances excitement. For example, listening to music while completing an academic test helped students overcome stress and perform more effectively (Cabanac *et al.*, 2013). Similarly, participants were exposed to a stressful task (e.g., preparing a speech) under the influence of music (Knight & Rickard, 2001). Results

showed that physiological responses to stress (heartbeat, blood pressure) were lower amongst participants who were exposed to music. Of particular interest are findings that report reduced stress under the influence of low arousal music.

Extant research shows that cortisol levels associated with stress lowered under the influence of low arousal music, e.g., meditative music (Mockel *et al.*, 1994). Similarly, following a surgery, low arousal music reduced stress level amongst patients (Nilsson, 2009). As a plausible explanation, researchers posit that following an evolutionary perspective, the human brain may associate soothing sounds with nature and maternal sounds. These sounds have the natural ability to reduce stress level in human beings (Chanda & Levitin, 2013). Loud sounds, on the other hand, are associated with alarm calls and can increase stress level in individuals (Chanda & Levitin, 2013).

Low (high) arousal music can also facilitate (impede upon) cognitive processes. As mentioned above, low arousal music enhanced performance for academic tests (Cabanac *et al.*, 2013). Low arousal music has also been associated with careful deliberation about issues such as fairness and perspective taking (Clarke *et al.*, 2015; Singer *et al.*, 2006). Further, past studies show that high arousal music may actually limit deliberation. For example, the work of Chebat *et al.* (2001) showed that music impeded cognitive activities. Similarly, other works evidently support high arousal music's association with a lack of deliberation, as high arousal music has been found to promote gambling (Dixon *et al.*, 2007) and choosing unhealthy food (Biswas *et al.*, 2019).

Manifestations of low and high arousal music have been evidenced in the shopping environment also. North, Shilcock, and Hargreaves (2003) found that, low (compared to high) arousal music led customers to increased spending in a restaurant setting, albeit when prices were controlled by the business. Similarly, Milliman (1982, 1986) found that slow-

tempo music (compared to high-tempo music) led to higher payment in a retail and beverage outlet, once again, when prices were decided by these retailers. In contrast, the current study compared music's influence on payments, when prices are decided by consumers (i.e., PWYW). Low arousal music also facilitated deep thoughts that subsequently guided consumers to make favourable product decisions (Chebat *et al.*, 2001). On a different note, low arousal music helped to counter tension arising from a dense crowded environment, leading to more favourable evaluations of the shopping experience (Eroglu *et al.*, 2005). High arousal music, on the other hand, amplified the discomfort arising from social crowding, thereby triggering an avoidance behaviour (Eroglu *et al.*, 2005).

3. Hypotheses development

We had argued previously that subjects may feel judged while making PWYW payments. In response to this, we posit that subjects under the influence of low versus high arousal music would engage different strategies to cope with social presence in the environment. Ambient low arousal music will induce relaxation and further encourage deliberation about the presence of others. This is based on our prior discussion that low arousal can help people cope with stress (Chanda & Levitin, 2013; Knight & Rickard, 2001) and can facilitate cognitive processes such as perspective taking (Clarke *et al.*, 2015; Singer *et al.*, 2006). Past research also shows that a high arousal state, compared to a low arousal state, induces more self-focused attention (Silvia & Abel, 2002; Wood *et al.*, 1990; Wegner & Giuliano, 1980). Therefore, when exposed to low arousal music, a subject's focus is likely to move away from the self and he/she is likely to deliberate about the presence of others. Because of the social nature of PWYW pricing, thinking about others can positively influence payments (Santana & Morwitz, 2021; Hoffman *et al.*, 2021; Roy *et al.*, 2021; Jung *et al.*, 2014). As a result, PWYW payments are likely to increase in the presence of a salesperson.

Subjects exposed to high arousal music, on the other hand, should react to the discomfort by exiting the situation quickly, irrespective of the presence or absence of the salesperson. Past research shows that under high arousal, people tend to pay more attention to the self (Silvia & Abel, 2002; Wood *et al.*, 1990; Wegner & Giuliano, 1980) and complete tasks quickly (Caldwell & Hibbert, 2002). This self-focused attention, combined with a lack of deliberation due to an urge to complete the task quickly will further enhance the subject's level of discomfort (e.g., a pronounced feeling of being judged) while making PWYW payments. Further, past research shows that while reacting to stressful situations (e.g., social crowding) subjects exposed to high music normally demonstrate avoidance behaviour (Eroglu *et al.*, 2005). Based on this we posit:

H1: In the low arousal music condition, PWYW payments will be higher when there is an external influence (presence versus absence of a salesperson). No such differences will exist in the high arousal music condition.

Next, we turn to the case of music and loose change. The case of loose change is interesting as well, based on the differential influence of low versus high arousal music. Once again, determining one's own price may cause discomfort amongst subjects. The presence of music and loose change will help consumers cope with this challenge, albeit differently for subjects in the low versus high arousal conditions. In general, loose change should encourage higher payments, as it is more convenient to pay with loose change. The relaxing and deliberative nature of low arousal music, however, will encourage subjects to think about the prices they would pay. Further, less self-focused attention under low arousal music will encourage these people to think about previous buying episodes involving fixed price retailers. Consequently, they will use loose change more carefully while deciding their prices. In other words, although carrying more (versus less) loose change will encourage higher payments under the low arousal condition, such payments will be carefully deliberated.

On the other hand, subjects exposed to high arousal music may once again respond to the situation through a less effortful response. Under high arousal music, more self-focused attention will cause subjects to focus on internal sources, e.g., the amount of loose change they are carrying. High arousal music also causes individuals to carry out activities more quickly (Caldwell & Hibbert, 2002). Subsequently, high arousal subjects would cope with the discomfort of deciding their own payments by quickly parting with the loose change they have on their person. This spontaneous rather than deliberated response will cause high arousal subjects to pay more, especially when they are carrying more (versus less) loose change. Based on this we posit:

H2: In the high arousal condition, PWYW payments will be higher when there is an internal influence (carrying more versus less loose change). This effect will be diminished under low arousal music condition.

3.1. Moderated mediation: role of internal reference price

In PWYW settings, customers generally anchor on their phenomenological experiences from the past (such as their internal reference prices) to make a pricing offer (Kim *et al.*, 2009). Internal reference price (IRP) is a memory resident price, or an internal compass, shaped by actual, fair, or past price experiences gathered during shopping episodes (Kim *et al.*, 2009; Lowengart, 2002). A common way to conceptualize reference price is as a predictive price expectation shaped by consumers' previous experiences and operationalised as the amount of money consumers think a product might cost (Kim *et al.*, 2009).

Substantiating IRP's role in the PWYW context, previous research shows that most customers are willing to discharge a certain proportion of their IRP (up to 86% across multiple product categories on average) to decide their final payments (Kim *et al.*, 2009). Similarly, Roy *et al.* (2016) show that buyers are willing to allocate a higher proportion of

their internal reference price, while making PWYW payments. In particular, Roy et al. (2016a) argue that forces such as “social influence” would impact consumers’ IRP positively to drive higher PWYW payments. Furthermore, in the context of PWYW, Roy et al. (2016b) show that a number of antecedent variables (e.g., altruism, price consciousness) can affect PWYW prices through IRP. Therefore, it is evident that based on the PWYW literature, IRP is an immediate antecedent of PWYW prices paid, i.e. WTP (Kim *et al.*, 2009; Roy *et al.*, 2016a) and can further mediate the impact of other independent variables on PWYW prices (Roy *et al.*, 2016b). Similarly, pricing literature shows that consumers’ internal standards (such as IRP) can be influenced unconsciously by large random numbers such as social security numbers or the prices of unrelated products (Adaval & Wyer, 2011; Wong & Kwong, 2000). Such influences can in turn drive favourable payments for the target product.

In our case, the interaction of music with social influence and loose change (H1 and H2) should influence internal standards. Past work based on adaptation-level theory suggests that individuals can moderate behavioural responses by attending to focal contextual cues in the environment (Helson, 1964). Price perceptions including reference prices have been known to be influenced by environmental cues such as social comparison, price endings or prices of previously purchased products (Viglia & Abrate, 2014; Kinard, Capella, & Bonner, 2013; Chandrashekar, 2011). In the current context, we argue that our independent variables will act as focal cues and shape consumers’ internal reference price. Therefore, in combination with the generalized finding that IRP acts as an immediate antecedent to PWYW payments (Roy *et al.*, 2016; Kim *et al.*, 2009), we posit that:

H3: The interactive effects of (a) music and an external influence (salesperson) posited in H1 and (b) music and internal influence (loose change) posited in H2 driving higher PWYW payments will be mediated through the consumer’s internal reference price.

The above hypotheses are tested with four field studies conducted across multiple products. The first two studies (1 and 1a) examine the impact of music and an external source of influence (presence vs. absence of a salesperson) on PWYW payments. The next two studies (2 and 3) examine the effects of music and an internal source of influence (more vs. less loose change), along with the underlying mechanism (internal reference price) that guides PWYW payments.

4. Field experiment 1: external influence and PWYW payment

4.1 Study design and stimulus

Field Study 1 was engaged to study H1 and H3a. This study engaged a 2 (music = high arousal vs. low arousal) \times 2 (salesperson = present vs. absent) between-subjects design. Two pieces of Indian music (“Subha Hone Na De,” from the movie Desi Boyz, and the Ghazal “Jhuki Si Nazar,” performed by Jagjit Singh) were selected as high and low arousal music, respectively. The music stimuli were pre-tested on a similar student sample ($n = 40$, females = 50%, $M_{age} = 21.26$) that did not participate in the main study. Participants had to listen to these two different types of music through headphones. Results of an ANOVA showed a main effect on arousal ($M_{High\ Arousal} = 6.85$ vs. $M_{Low\ Arousal} = 3.25$, $F(1,38) = 48.14$, $p < 0.001$), but not on affect valence ($M = 5.20$ vs. $M = 5.10$, $F(1, 38) = .08$, $p = 0.78$). Furthermore, the low and high arousal music did not differ significantly in measures of familiarity and liking (all $ps > 1$). Both of these musical pieces have been engaged by prior research, e.g., Das and Hagtvedt (2016).

4.2 Experimental procedure and measures

We collaborated with a food outlet located in a major Indian university to conduct our field experiment. The customers of the food stall are primarily university students and staff. We negotiated with the stall owner, who agreed to charge a PWYW price for a piece of chocolate cake (worth \$0.34) for the study. The regular price of the cake was not advertised during this

period. The study was conducted over a period of four days in three shifts: the morning shift (9.30 a.m. to 11.30 a.m.), the afternoon shift (1.30 p. m. to 3.30 p. m.), and the evening shift (4.30 p. m. to 6. 30 p. m.). We held the field experiment at different times of day and across different days in an effort to rule out any exogeneous factors, as previous research shows that PWYW payments in field studies can be influenced by the time of payment (Riener and Traxler, 2012).

The four experimental conditions were randomized for a total of 12 shifts. Customers visited the store as they normally do, while the music stimuli played in the background (randomized for low and high arousal). In the “salesperson present” condition, a professional salesperson was at the check-out. The cake was displayed near the checkout with the PWYW sign. Once a customer chose a cake and went to the checkout counter, a salesperson explained that the customer could pay any amount for the cake. The customer was advised to drop the payment in a sealed box, kept near the checkout. A research assistant, who was blind to the experimental condition, took immediate note of the actual amount paid after the customer left.

In the “salesperson absent” condition, the PWYW cake was displayed with appropriate payment instructions in a corner of the shop, away from the visibility of the salesperson. Once the customer decided to buy a cake, they dropped the money in a sealed payment box, which was right next to the cake display. In both cases (“salesperson present” and “salesperson absent”), a second research assistant, blind to the experimental conditions, approached the customer to administer a survey once the customer left the shop. The survey questionnaire included a manipulation check for the music and measured internal reference price and several control variables, along with measures for demographics.

Internal reference price was measured by asking respondents how much they paid for a similar product on their last shopping trip (Kim *et al.*, 2009). We determined our control

variables based on the literature (Kim *et al.*, 2010; Kim *et al.*, 2009): we measured price consciousness with three items e.g., “Before I buy a product, I often check the prices of different retailers to obtain the best benefits,” “I usually purchase items on sale only” and “I usually purchase the cheapest item.” Similarly, loyalty was measured with two items: “I am a regular customer of this store” and “I use this store to cover large part of my shopping.” Altruism was measured with five items: “I love to help others,” “I have a good word for everyone,” “I am concerned about others,” “I make people feel welcome,” and “I anticipate the needs of others.” Fairness and mood were measured with single items like “My price paid was fair towards the seller” and “Currently, I am in good mood.” Finally, satisfaction was measured with “I am satisfied with the store.” All of these items were measured on a seven-point Likert scale ranging from strongly disagree (1) to strongly agree (7), as outlined in Appendix A. A total of 200 participants who purchased the PWYW cake participated in the study (females = 48%; $M_{\text{age}} = 23.1$).

4.3 Results

4.3.1 Manipulation check

We measured the arousal and valence of the music by using the affect grid (Russell *et al.*, 1989). An ANOVA revealed the expected main effect on arousal ($M = 6.49$ vs. $M = 3.47$, $F(1, 198) = 324.91$, $p < .001$) but not on valence ($M = 5.08$ vs. $M = 4.81$, $F(1, 198) = 2.69$, $p = .10$). Therefore, the music manipulation was successful.

4.3.2 Hypothesis testing

To test our hypotheses, we conducted a two-way ANCOVA with PWYW prices paid as the key dependent variable and with arousal and salesperson as the independent variables.

Following the PWYW and music literature, we used control variables such as altruism, price consciousness, satisfaction, loyalty, fairness and mood (Fowler & Thomas, 2019; Kim *et al.*,

2010; Kim *et al.*, 2009). Out of the control variables, only fairness $F(1, 190) = 5.49, p < 0.05$ and mood were significant $F(1, 196) = 5.25, p < 0.05$).

Findings further showed a main effect of arousal, such that subjects experiencing low arousal music were willing to pay more compared to those experiencing high arousal music (M s of 13.99 vs. 11.30, $F(1, 190) = 22.89, p < 0.001$). There was a second main effect of the salesperson: people were willing to pay more in the presence of the salesperson rather than in the salesperson's absence (M s of 13.48 vs. 11.81, $F(1, 190) = 4.87, p < 0.05$). More importantly, the main effects were qualified by a two-way interaction between the independent variables ($F(1, 190) = 10.98, p < 0.01$). A follow-up contrast analysis showed that, under low arousal music, the presence (versus absence) of a salesperson led to higher payment (M s of 15.54 vs. 12.44, $t(196) = 4.27, p < 0.00$). No such difference in the presence versus the absence of a salesperson was observed for subjects under high arousal music (M s of 11.42 vs. 11.18, $t(196) = 0.33, p > 0.05$). These findings therefore support H1. The means are reported in Table 2.

<Insert Table 2 about here>

The same ANOVA analysis was also conducted without the control variables. Findings show the same pattern of results with respect to the main effect of arousal $F(1, 196) = 27.54, p < 0.00$), salesperson $F(1, 196) = 10.62, p < 0.01$) and the two-way interaction between arousal and salesperson $F(1, 196) = 7.78, p < 0.01$). The above findings seem to be robust and hold without the control variables as well.

4.3.3 Moderated mediation analysis

To examine the mediating role of IRP in the effects of salesperson and music interactions on PWYW payments, we engaged the PROCESS model 7 (Hayes, 2013). Figure 2 illustrates the conceptual model encapsulating H3a.

< Insert Figure 2 about here >

The presence (compared to absence) of a salesperson positively influenced internal reference price, conditional on low arousal music (arousal = 0, $\beta = 3.32$, $t = 4.84$, $p = .00$). Introducing subjects to high arousal music, however, reduced the salesperson's impact on internal reference price (interaction $\beta = -3.46$, $t = -3.56$, $p = .00$). As indicated in the bottom panel of Table 3, the salesperson's indirect effect on PWYW prices (via internal reference price) is significant under low arousal music (conditional indirect effect = 2.25, the 95% bootstrap confidence interval not straddling zero), but not when the subjects are exposed to high arousal music (conditional indirect effect = -0.09, the 95% bootstrap confidence interval straddling zero). Therefore, the presence of a salesperson and low arousal music together increases PWYW prices through its positive impact on subjects' internal reference prices. Such findings therefore support H3a.

<Insert Table 3 about here>

4.4 Discussion

Findings from our first field experiment showed a positive main effect of low arousal music which has not been reported in the PWYW literature to this point. Based on the literature, we had posited that determining PWYW payments could induce discomfort, as consumers feel they are being judged based on how much they pay. The presence of a salesperson could aggravate this discomfort further. Presence of low arousal ambient music is relaxing and helps subjects focus on social presence. When consumers think carefully about such external influence, they are more likely to behave according to social norms and behave appropriately. Our findings show that as a result, higher PWYW payments were made in this condition. Results of moderated mediation showed that the interactive effects of low arousal and external influence drives higher payments through a consumer's internal reference price.

High arousal music, on the other hand, draws attention to the self and this, combined with a lack of deliberation, causes these subjects to exit the uncomfortable situation quickly. Lower PWYW payments were reported as a result. Overall, study 1 found support for the effect of external influence (i.e., salesperson) and music on PWYW payments, in line with our conceptual framework.

One of the possible criticisms of Field Experiment 1 could be that the payments made in the “absence of salesperson” condition still may have been influenced by the salesperson present in the distance. We had taken all possible care that the payment box was placed in a corner and not visible to the salesperson. But this does not necessarily rule out the possibility that payments could be influenced by the feeling of being observed. In order to rule out this possibility, we aimed to replicate the findings of Study 1, i.e. the absence of salesperson condition only, with a smaller field experiment.

5. Field experiment 1a

5.1 Experimental procedure and measure

For our Field Experiment 1a we replicated the exact procedure from Field Experiment 1. In other words, we used the same product (a chocolate cake) and engaged a randomized way of collecting data at an Indian university shop on different days and times. The same manipulation was used for the absence of salesperson. Similar to Study 1, we had placed the sealed payment box in a corner away from the salesperson. While a first research assistant recorded payments, the second assistant conducted a small survey once subjects exited the shop. Both assistants were blind to the experimental conditions. Similar to Study 1, we collected data on IRP and other control variables reported in Study 1 (e.g., price consciousness, satisfaction, loyalty, altruism, fairness and mood). However, this time around we also used a single item to measure the influence of others on payment. Participant replied to the question “The feeling of being

observed by others influenced my pricing decision,” with 1 = strongly disagree and 7 = strongly agree. Ninety subjects (average age = 22.9 years, females = 46.7 %) participated in the field experiment.

5.2 Results

The arousal and valence levels of the music were measured by using the affect grid (Russell *et al.*, 1989). An ANOVA showed the expected main effect on arousal ($M = 5.02$ vs. $M = 2.93$, $F(1, 88) = 96.23$, $p < .001$) but not on valence ($M = 5.08$ vs. $M = 5.03$, $F(1, 88) = .07$, $p = .79$). Therefore, the music manipulation was successful.

We conducted a one-way ANOVA with PWYW prices as the dependent variable and arousal type as the key independent variable. In our analyses we also used a range of control variables, namely the “influence of others” along with price consciousness, loyalty, altruism, fairness and mood. Findings showed a significant main effect of arousal only ($F(1, 82) = 56.94$, $p < 0.00$). A closer look showed that subjects were motivated to pay more under low arousal music compared to high arousal music (M s of 16.0 vs. 9.64). More importantly, none of the control variables were significant including the influence of other shoppers ($F(1, 82) = 0.45$, $p = 0.5$). Based on the findings from Study 1a, we can rule out the alternate explanation: that, in the absence of salesperson, the feeling of being observed influenced PWYW payments.

Findings from Studies 1 and 1a together showed that low arousal music can be beneficial especially when a salesperson is present. The feeling of being observed does not particularly influence payments in the absence of salesperson. Next, in our H2, we had posited that high arousal music can also be beneficial for PWYW payments, especially when subjects are carrying loose change. Therefore, in our next two field experiments (testing H2

and H3b) we use the intervention of loose change and different types of music (low versus high arousal), especially to see if this drives higher payment in honour boxes.

6. Field experiment 2: internal influence and PWYW payment

6.1 Study design and stimulus

Study 2 tests H2. The second field experiment was a 2 (music = high arousal vs. low arousal) \times 2 (loose change = more vs. less) between-subjects design. The same music stimuli from Study 1 were used in Study 2. To test for our loose change effect, we had to recruit students to participate in this experiment. Furthermore, for our loose change manipulation, we needed two equivalent conditions that allowed the consumer to make all possible payment combinations, all while holding the same amount of money in more (versus less) loose change (Fielding & Knowles, 2015).

6.2 Experimental procedure and measures

Once again, the experiment was conducted in an Indian university food stall for a period of 4 days across three shifts: morning shift (9.30 a.m. to 11.30 a.m.), noon shift (1.30 p. m. to 3.30 p. m.), and evening shift (4.30 p. m. to 6. 30 p. m.). During this period, the stall offered a sandwich (with an actual price of US\$ 0.18) under the PWYW pricing condition. While the experiment was running, the price tag of the product was removed. The four experimental conditions were randomized for a total 12 shifts.

131 students were recruited for this study. We followed an extant procedure to conduct this study (Argo *et al.*, 2005). Subjects participated individually and were told that the objective of the study was to evaluate the university food stall for management. As a part of the evaluation, they were required to visit the store, make a purchase assigned by a random draw, and then provide their impressions. Unknown to the participants, the only product they

could purchase was the PWYW sandwich. Consumer behaviour field studies have engaged similar experimental shopping tasks before (Argo *et al.*, 2005). For example, Argo *et al.* (2005) allocated a fixed sum of money to the participants and instructed them to shop for a specific product in the university bookstore. Following this exercise, participants could keep the product and any remaining change for themselves (Argo *et al.*, 2005).

Each participant was given an envelope with the product name, as well as a fixed amount of money: ₹19 (US\$ 0.29). The amount of money given to them also contained our loose change manipulation. We adopted the loose change manipulation from extant literature (Fielding & Knowles, 2015). In the Fielding and Knowles (2015) study, participants were given an exact amount of money, i.e. \$ 19 (and ₹19 in our case) in the form of “more” versus “less” loose change. Participants were further free to donate any amount to a fictitious charity out of this allocated sum, while keeping the remaining balance for themselves. Following this extant procedure, participants in our study received an exact amount of ₹19. However, in the “more change” condition, the ₹19 was made up of all coins (i.e., two ₹5, three ₹2, and three ₹1 coins). In the “less change” condition, the payment of ₹19 was made up of one ₹10 note, one ₹5 note, one ₹2 note, and two ₹1 coins. Our experimental manipulation is thus based on previous research (Fielding & Knowles, 2015; Argo *et al.*, 2005). Extant PWYW field experiments have used interventions to manipulate their independent variables while recording key dependent variables (Jung *et al.*, 2017; Kim *et al.*, 2009).

As in our first study, each participant went to the shop. The PWYW sandwich was displayed in a corner away from the checkout counter, with appropriate instructions for making payments. Once participants chose to buy a sandwich, they followed the instructions and dropped their payment into a sealed box, next to the sandwich stand. Similar to the procedure in Study 1, the first research assistant recorded the payment made, while the second assistant approached the subject with a survey. The participants got to keep the

remaining balance and the sandwich. This second study engaged the same control variables reported in Study 1. Out of 131 filled out questionnaires, the 120 fully completed questionnaires were taken for analysis; the remaining 11 questionnaires were not, as they were incomplete. The final sample consisted of 120 students (females = 40%; $M_{\text{age}} = 23.29$).

6.3 Results

6.3.1 Manipulation check

Both the arousal and valence of the music were measured by using the affect grid (Russell *et al.*, 1989). A one-way ANOVA showed an expected main effect of arousal ($M = 7.17$ vs. $M = 3.58$, $F(1, 118) = 352.59$, $p < .001$) but not of valence ($M = 5.05$ vs. $M = 5.18$, $F(1, 118) = .52$, $p = .47$). Based on the results, the music manipulation was successful.

6.3.2 Hypothesis testing

To test our hypotheses, we conducted a two-way ANCOVA with PWYW prices paid as the key dependent variable and arousal and loose change as the independent variables. We used the same control variables from Study 1. Findings show that none of the control variables were significant (all $ps > .1$), and hence these variables were dropped from further analysis. The ANOVA was, therefore, conducted once again without the control variables. Results showed a main effect of arousal, such that subjects experiencing low arousal music were willing to pay more compared with those experiencing high arousal music. (M s of 10.18 vs. 8.8, $F(1, 116) = 14.3$, $p < 0.01$). A second main effect of ‘change’ showed that people were willing to pay more when they carried more (versus less) change (M s of 11.08 vs. 7.9, $F(1, 116) = 75.73$, $p < 0.001$).

More importantly, the main effects were qualified by a two-way interaction between the independent variables ($F(1, 116) = 4.20$, $p < 0.05$). A follow-up contrast analysis showed

that under the influence of low arousal music, subjects carrying more (versus less) change made higher PWYW payments (M s of 11.4 vs. 8.97, $t(116) = 4.70$, $p < 0.00$). However, we found even higher magnitude of payments under high arousal music, especially in terms of the difference between more (versus less) change (M s of 10.77 vs. 6.83, $t(116) = 7.60$, $p < 0.00$). In other words, the loose change effect was more pronounced under high arousal music. Findings support H2. The means are reported in Table 4.

<Insert Table 4 about here>

6.4 Discussion

For this study, we obtained support for our H2 which involves testing the effect of internal influence (loose change) and music on PWYW payments. We had previously argued that high arousal music would be beneficial for PWYW payments, especially when subjects are carrying more (versus less) loose change. This was based on the theory that high arousal music would cause subjects to focus internally on “loose change,” and a lack of deliberation would cause them to part with their money quickly. This would in turn drive higher payments. Low arousal subjects, on the other hand, would be more careful with their money. Although higher payments were still obtained under low arousal music in the presence of more versus less change, this effect was substantially diminished compared to the high arousal condition. The findings from Study 2 regarding the beneficial effects of high arousal in a PWYW setting is novel. In our next field experiment, we therefore try to replicate findings of Study 2, albeit with a different product category (a pen). Further, field experiment 3 was also designed to test the moderated mediation hypothesis H3b.

7. Field experiment 3: internal influence and reference price

7.1 Study design and stimulus

This study was engaged to test H3b using a different product category and further replicate findings from study 2. Study 3 followed the same design: a 2 (music = high arousal vs. low arousal) \times 2 (loose change = more vs. less) between-subjects design. We used the same music and loose change manipulations from Study 2. Study 3 used a *pen* sold through the campus stationary shop in an Indian university, as the focal product. We negotiated with the stall owner, who agreed to charge a PWYW price for the pen (worth US\$ 0.17) for this study. This experiment was conducted for a period of 6 days in three shifts: the morning shift (9.30 a.m. to 11.30 a.m.), the afternoon shift (1.30 p. m. to 3.30 p. m.), and the evening shift (4.30 p. m. to 6. 30 p. m.). While the experiment was running, the product's price tag was removed. The four experimental conditions were randomized for a total 18 shifts. A total of 200 university students (females = 49%; Mage = 23.30 years) participated in the study and were recruited for this purpose using the same procedure engaged in study 2 (Argo *et al.*, 2005). Each participant was given an envelope with a fixed amount of money, ₹19 (US\$ 0.29), given in the denominations specified in our loose change manipulation. All 200 participants purchased the pen. The sample was homogeneous in terms of demographics.

7.2 Results

7.2.1 Manipulation check

Arousal and valence were measured by using the affect grid (Russell *et al.*, 1989). Results of an ANOVA showed an expected main effect on arousal ($M = 6.68$ vs. $M = 3.40$, $F(1, 198) = 391.92$, $p < .001$) but not on valence ($M = 5.01$ vs. $M = 5.15$, $F(1, 198) = .68$, $p = .41$). Based on the results, the music manipulation was successful.

7.2.2 Hypothesis testing

To test our hypotheses, we conducted a two-way ANCOVA with PWYW prices paid as the key dependent variable and with arousal and loose change as the independent variables.

Following the PWYW and music literature, we once again ran the analysis with control variables such as altruism, price consciousness, satisfaction, loyalty, fairness and mood (Fowler & Thomas, 2019; Kim *et al.*, 2010; Kim *et al.*, 2009). None of the control variables were significant (all $ps > .1$). These control variables were therefore dropped from further analysis.

The analysis was repeated once again without the control variables. Findings of the ANOVA showed a main effect of arousal, such that subjects under low arousal were willing to pay more compared to those under high arousal (M s of 10.43 vs. 9.05, $F(1, 196) = 6.74, p < 0.001$). A second main effect of ‘change’ showed that people were willing to pay more when they carried more (versus less) change (M s of 11.15 vs. 8.33, $F(1, 196) = 28.15, p < 0.001$). More importantly, the main effects were qualified by a two-way interaction between the independent variables ($F(1, 196) = 4.76, p < 0.05$). A follow-up contrast analysis showed that under low arousal music, the presence of more (versus less) change motivated higher payments (M s of 11.3 vs. 9.60, $t(196) = 2.21, p < .05$). However, as in Study 2, we found that people carrying more (versus less) change paid even higher amounts under the influence of high arousal music (M s of 11.04 vs. 7.06, $t(196) = 5.29, p < 0.001$). Loose change drove higher payments, but this effect was substantially greater under high arousal music. These findings, once again, support H2 (Table 5).

<Insert Table 5 about here>

7.2.3 Moderated mediation analysis

The mediating role of IRP in the effects of loose change and music interactions on PWYW amount was examined using PROCESS model 7 (Hayes, 2013). Figure 3 illustrates the conceptual model encapsulating H3.

< Insert Figure 3 about here >

Results (Table 6) show that the presence of high (versus low) arousal music negatively influenced internal reference price, though this result is conditional on consumers carrying less loose change (change = 0, $\beta = -3.18$, $t = -4.35$, $p = .00$). High (compared to low) arousal music had a positive impact on reference price when subjects carried more loose change (interaction $\beta = 3.04$, $t = 2.94$, $p = .00$). Furthermore, as described in the middle panel of Table 6, internal reference price had a positive influence on PWYW payments ($\beta = 0.75$, $t = 15.69$, $p = .00$).

Finally, as indicated in the bottom panel of Table 6, loose change's indirect effect, via internal reference price, on PWYW prices is significant under low arousal music (conditional indirect effect = 0.98, the 95% bootstrap confidence interval not straddling zero), as well as under high arousal music (conditional indirect effect = 3.27, the 95% bootstrap confidence interval does not straddle zero). The presence of loose change in combination with both low and high arousal music had a positive influence on internal reference price, leading to higher PWYW payments. Findings therefore support H3b.

<Insert Table 6 about here>

8. General discussion

Four field experiments supported our hypotheses regarding how external influence (i.e., the presence of a salesperson) and internal influence (available amounts of loose change) combined with music influenced higher PWYW payments. Study 1 presented evidence that low arousal music was beneficial for payments, especially in the presence of a salesperson. High arousal music, on the other hand, motivated subjects to exit the situation quickly and this had a negative influence on the payments. Furthermore, Study 1a provided additional evidence that in the absence of salesperson, subjects' payments were not influenced by the feeling of being observed by others. This provides confidence that it was indeed low arousal

music that influenced consumers to deliberate about the presence of others and follow social norms while making payments. In terms of the mediating mechanism, the joint influence of low arousal and external influence (i.e., a salesperson) impacted PWYW payments through consumers' internal reference price.

Our research had also posited that when consumers are contributing their payments in honour boxes, high arousal music can be beneficial as well, especially in the presence of loose change. Our findings (Studies 2 and 3) showed that under high arousal music, consumers carrying more change were motivated to pay higher amounts as they focused on this internal influence and wanted to complete payments quickly. We see this effect diminish under the influence of low arousal music, as subjects thought carefully while making payments, even though they carried more versus less loose change. Further, in determining the underlying mechanism (Study 3), we found once again the influence of arousal and loose change impacting payments through internal reference price. The findings regarding high arousal music and loose change are novel in the PWYW context, and we found the results to be robust. Studies 2 and 3 showed similar patterns of findings for high arousal music using different product categories (a sandwich and a pen).

A consistent finding across four experiments was the main effect of low arousal music. Across all the field experiments, findings showed higher payments under low arousal compared to high arousal music. Although the music literature has reported higher retail payments under the influence of low arousal music, these findings have never been applied to the PWYW context. Our findings support the beneficial effects of low arousal music reported in the literature, but also show that the effects of low arousal music could be more nuanced, and contingent on other factors (in our case, social presence and loose change). Finally, as

pointed above, the findings regarding high arousal music and loose change are also unique and will help to drive higher PWYW payments, especially for honour boxes. .

8.1 Theoretical implications

Our findings contribute to the PWYW literature in a number of ways. The current PWYW literature suggests that businesses can engage supervised payment counters or trust consumers to contribute their payments in an honour box. Theoretically, it has been challenging for researchers to find a single parsimonious framework that considers the different payment conditions, and yet provides strategies that could drive higher payments. Past research also argues that PWYW businesses could be unsustainable and recommends more work to delineate factors that drive higher payments (Viglia *et al.*, 2019). In view of this, the current work proposes a simple model in which music can moderate the impact of external and internal influences on PWYW payments. By studying these variables in an integrated framework, the current study therefore addresses the call for more research on this innovative pricing strategy, especially in the field setting (Roy *et al.*, 2021; Roy *et al.*, 2016; Spann *et al.*, 2004). Although previous studies have researched many individual differences and economic variables influencing prices, the current work is the first to explore the role of both loose change and salespeople as antecedents to PWYW prices, albeit in the presence of ambient music in the store.

The PWYW literature argues that consumers suffer from discomfort while making payment decisions, especially in the presence of others. However, findings regarding the influence of social presence on PWYW payments have been mixed. The role of social presence is nuanced, and past research shows that, under certain situations (e.g., private consumption, presence of familiar people), concerns of being judged can be less pronounced (Roy *et al.*, 2021; Roy *et al.*, 2016). The present work extends this line of work to show that

concerns about being judged while in presence of others can be attenuated under the influence of low arousal music (a key moderator), which can further facilitate higher payments. Additionally, the current work extends research on loose change and altruistic payments (Fielding & Knowles, 2015) by demonstrating that loose change can drive higher prices under the influence of both high and low arousal music. By establishing a boundary condition (e.g., arousal) to the loose change phenomenon, the current work extends the existing literature on loose change as well (Raghubir & Srivastava, 2009; Mishra *et al.*, 2006). The use of loose change and honour box payments engaged in our research also addresses recommendation by extant researchers to conduct more inquiries to understand honour payments (Prochazka *et al.*, 2021).

The findings contribute to the music literature as well. First, based on the main effects across our four studies, we find converging evidence that low (compared to high) arousal music encourages higher PWYW payments (North *et al.*, 2003; Milliman 1982; 1986). However, previous research (e.g., North *et al.*, 2003) studied businesses that use fixed prices. Our findings, therefore, extend this line of work on music and payments, albeit in the context of PWYW settings. In particular, we show that music facilitates payment in the presence of more loose change, as well as in the presence of a salesperson, mainly through a cognitive mechanism (i.e., by positively influencing consumer's internal reference price). This finding, concerning music's beneficial effect on memory resident price, is unique and further extends the reference price literature (Mazumdar *et al.*, 2005; Nunes & Boatwright, 2004).

8.2 Managerial implications

The findings of this work would help managers to devise strategies that would increase PWYW payments. First of all, managers can control shop atmospherics through ambient music, which if chosen properly (i.e., low arousal) would help to increase payments.

Secondly, low arousal music helps to mitigate social concerns while paying in front of others, thereby driving higher payments. This social presence could be in the form of a salesperson, staff members or other customers in the shopping environment. Normally, making payments in front of others induces discomfort. Low arousal music can ease this discomfort and drive higher payments. PWYW businesses may therefore consider ambient low arousal music, especially when physical crowding is expected (e.g., during peak hours in a restaurant).

The beneficial effects of music were obtained in our study after controlling for several factors like price consciousness, satisfaction, and loyalty. The PWYW setting is likely to draw price-conscious consumers, as the setting is novel and provides more value for money (Roy, 2015). Our findings show that if a business has price-conscious, satisfied, and loyal customers, the right atmospherics and staff may still drive favourable payments. However, if payments are handled through payment boxes, PWYW businesses should at least ensure that some level of social interaction occurs before customers make payments. For example, a helpful staff member could enquire if customers needed to break larger denomination notes to make payments. This should encourage higher payments. Managers can also encourage higher payments if they can provide ways to break larger denomination notes into loose change (e.g., a coin vending machine). The variables studied in this work can work as strategic interventions, easily controlled from a business operational point.

Interesting implications can be drawn from unsupervised businesses, where customers make contributions in honour boxes. Based on our findings, it would be beneficial to have mechanisms that trigger the “loose change” phenomenon. For example, such honour boxes could have a substantial amount of loose change already inside them. This may in turn motivate customers to get rid of their loose change or trigger a higher internal reference price which could then drive higher payments. Alternatively, machines (e.g., coin vending machines) that can actually convert paper currency into loose change could be introduced in

the unsupervised PWYW business. Normally, if the business has the option of providing loose change (e.g., a machine), high arousal ambient music would be beneficial. Alternately, if there is no mechanism to provide loose change, ambient low arousal music can still drive higher payments.

9. Limitations and future research

The current work is not without limitations. The current study focuses on only three specific products—a chocolate cake, a sandwich and a pen—to test the key hypotheses. We chose food products because many food retailers engage the PWYW business model to differentiate in the marketplace (e.g., Panera Bread in the USA, Annalakshmi in Australia). Future studies could therefore focus on additional product categories like music, movies, or museums to see if the current findings hold. We also did not control for product involvement in our studies. However, we found consistent and robust results across multiple product categories in our research. Furthermore, one of our control variables “loyalty”, did not have a significant effect across the studies. Given that past research shows that product involvement has a direct influence on loyalty (Ferreira & Coelho, 2015), we would expect “loyalty” to act as a proxy variable for product involvement. Taken together, these should allay concerns regarding product involvement acting as a potential confound. Nevertheless, future studies should control for product involvement. For our studies, we engaged students who were real customers of the university food and stationary shops. Previous research supports the use of student samples, especially in the context of PWYW and pricing research (Das, Roy, & Naidoo, 2020; Das & Roy, 2019; Roy *et al.*, 2016; Roy, 2015).

The measurement of IRP in our study followed a procedure adopted by the PWYW literature. This operationalization was also based on the nature of our studies, i.e. field experiments and adapted from extant literature (Kim *et al.*, 2009). For example, participants

unobtrusively made their payments first and then went ahead to report their IRP. However, it is possible that subjects could have reported an IRP to justify their payments. In order to rule out this bias, future work could measure consumers' IRP well before the main experiment is conducted (a temporal separation). Although we have used an extant procedure to operationalise IRP based on the seminal work of Kim *et al.* (2009), future work could engage different operationalisations for this variable (e.g., IRP as fair price). In our study, we used high versus low arousal music while controlling for valence. Future work may extend this line of research and compare music of different valences while controlling for arousal, once again through laboratory experiments. In a similar manner, future research can compare PWYW versus normal payments under different conditions of music (Viglia *et al.*, 2019), in a laboratory setting. Recent work demonstrates the influence of interactive music (consumers can change website music at the click of a button) on experiential and cognitive processes during online purchases (Hwang, Oh & Scheinbaum, 2020). Future work can therefore test the role of music influencing online PWYW payments. Finally, future work could compare cross-cultural aspects of PWYW pricing, given that both developed (e.g., USA, Australia) and emerging countries (e.g., India) have successfully used this innovative pricing model.

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Table 1: Literature

Study	IV (Main)	DV	Contribution
Kim, et al (2009)	Price fairness, Satisfaction, Price consciousness, Income	PWYW prices	Price fairness, satisfaction, price consciousness, and income influence PWYW prices.
Gneezy et al (2012),	Identity and self-image concerns	PWYW prices	PWYW prices are driven by identity and self-image concerns.
Machado & Sinha (2012)	Fairness motivation, reciprocity concerns	PWYW prices	Fairness, image, and reciprocity concerns increase PWYW prices.
Kim et al. (2014a)	PWYW tactic	Repeat purchase , WOM	PWYW pricing tactic leads to higher repeat purchases and more word-of-mouth.
Kim et al. (2014b)	Social distance and external reference price	PWYW prices	Social distance decreases (while external reference price increases) PWYW prices paid.
Mak et al., (2015),	Pre-payment communication (social communication), feedback	PWYW prices	Social communication increases PWYW prices paid when feedback about others' payment is available.
Kunter (2015)	Fairness, customer satisfaction, avoiding guilt, income	PWYW prices	Fairness, customer satisfaction, guilt avoidance, and income influence PWYW prices.
Roy (2015)	Internal reference price, involvement, price consciousness	PWYW prices	Internal reference price drives PWYW prices, and this relationship is moderated by involvement and price consciousness.
Roy et al. (2016)	Social visibility, purchase motivation	PWYW prices	Social visibility and purchase motivation influence PWYW prices in the absence of an external reference price.
Jung et al. (2017)	Presence of charity, Social influence	PWYW prices	The presence of charity influences PWYW prices. Social influence does not impact PWYW prices.
Viglia et al. (2019)	Timing and uncertainty	PWYW prices	Paying after consumption increases prices
Sharma et al. (2020)	Time pressure, crowding, types of involvement	PWYW prices	Time pressure and crowding along with situational and enduring involvement directly and indirectly influences PWYW payments.
Santana & Morwitz (2021)	Agentic versus communal orientation across genders	PWYW prices	Agentic men pay less than communal women
Roy et al. (2021)	Social company (distant versus close)	PWYW prices	Spotlight drives higher payment in company of distant vs close others.
Wang et al. (2021)	Type of participative pricing	Pricing control, effort, purchase intention	PWYW reduce purchase intention compared to pick your price
This study*	Salespeople, loose change, music	PWYW prices	Salesperson and loose change can drive higher PWYW payments under the influence of music.

* This is the first study to explore the novel role of music in PWYW payments

Table 2: Study 1: PWYW prices paid as a function of salesperson and music type

Salesperson/Music	Low Arousal	High Arousal
Present	15.54	11.42
	(3.46)	(3.22)
	N = 50	N = 50
Absent	12.44	11.18
	(4.33)	(3.38)
	N = 50	N = 50

Note: Figures in bracket denote standard deviation

Table 3: study 1 moderated mediation model

Dependent Variable: Internal Reference Price

	Coefficient	SE	T	p
Constant	11.72	0.48	24.15	0.00
Salesperson (Present = 1)	3.32	0.69	4.84	0.00
Arousal (High = 1)	-0.86	0.69	-1.25	0.21
Salesperson x Arousal	-3.46	0.97	-3.56	0.00

Dependent Variable: PWYW Prices Paid

	Coefficient	SE	T	p
Constant	4.15	0.70	5.89	0.00
Internal Reference Price	0.68	0.06	12.02	0.00
Salesperson (Present = 1)	0.59	0.43	1.37	0.17

Conditional Indirect effect:

Mediator	Arousal	Effect	Boot SE	BootLLCI	BootULCI
Internal Reference Price	Low Arousal	2.25	0.59	1.16	3.52
	High Arousal	-0.09	0.37	-0.83	0.63

Table 4: study 2: PWYW prices paid as a function of loose change and music type

Loose Change/ Music	Low Arousal	High Arousal
	8.97	6.83
Less Change	(2.45)	(2.23)
	N = 30	N = 30
	11.4	10.77
More Change	(1.16)	(1.92)
	N = 30	N = 30

Note: Figures in bracket denote standard deviation

Table 5: study 3: PWYW prices paid as a function of loose change and music type

Loose Change/ Music	Low Arousal	High Arousal
	9.60	7.06
Less Change	(4.06)	(2.81)
	N = 50	N = 50
	11.3	11.04
More Change	(3.51)	(4.44)
	N = 50	N = 50

Note: Figures in bracket denote standard deviation

Table 6: study 3 moderated mediation model

Dependent Variable: Internal Reference Price

	Coefficient	SE	T	p
Constant	9.86	0.52	19.08	0.00
Change (More = 1)	1.30	0.73	1.78	0.07
Arousal (High = 1)	-3.18	0.73	-4.35	0.00
Change x Arousal	3.04	1.03	2.94	0.00

Dependent Variable: PWYW Prices Paid

	Coefficient	SE	T	p
Constant	2.10	0.47	4.44	0.00
Internal Reference Price	0.75	0.05	15.69	0.00
Change (More = 1)	0.69	0.39	1.79	0.07

Conditional Indirect effect:

Mediator	Arousal	Effect	Boot SE	BootLLCI	BootULCI
Internal Reference Price	Low Arousal	0.98	0.51	0.01	2.01
	High Arousal	3.27	0.65	2.05	4.59

Figure 1: conceptual framework

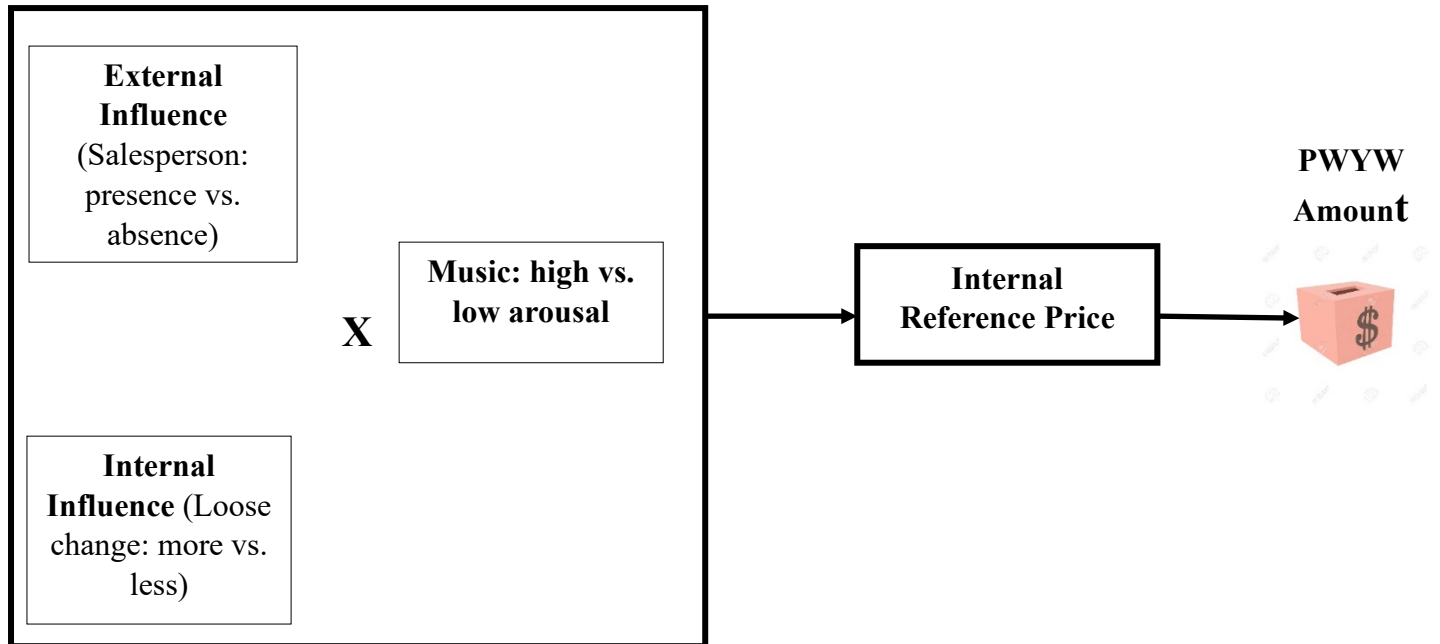


Figure 2: study 1 moderated mediation model of music, salesperson and IRP

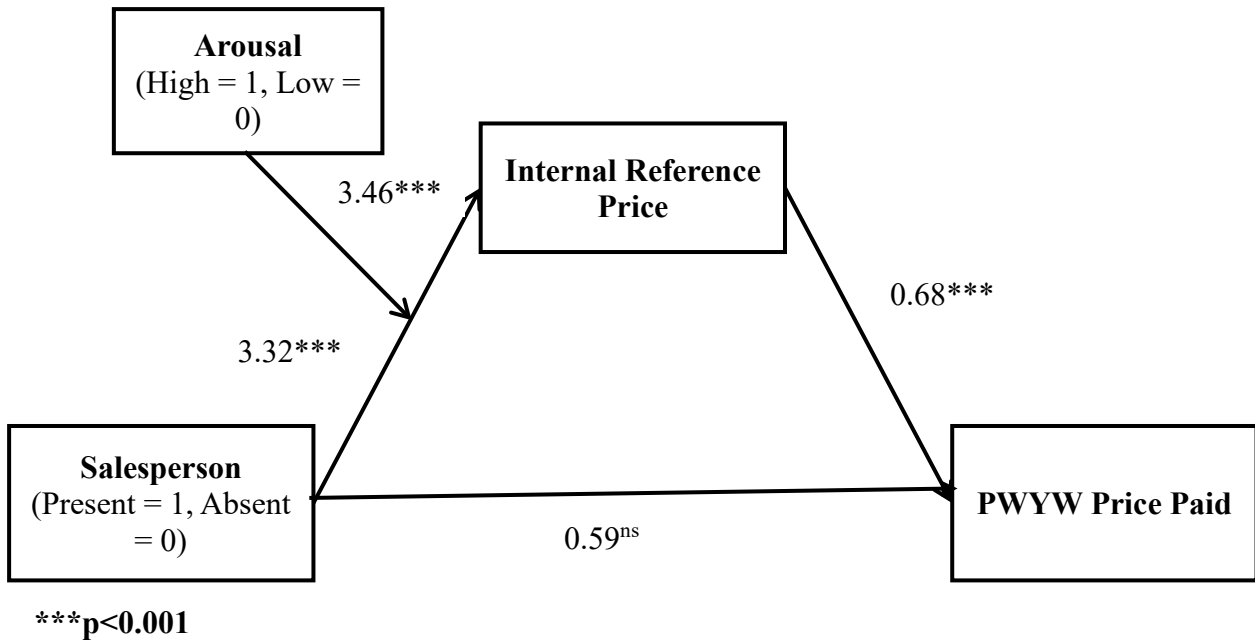
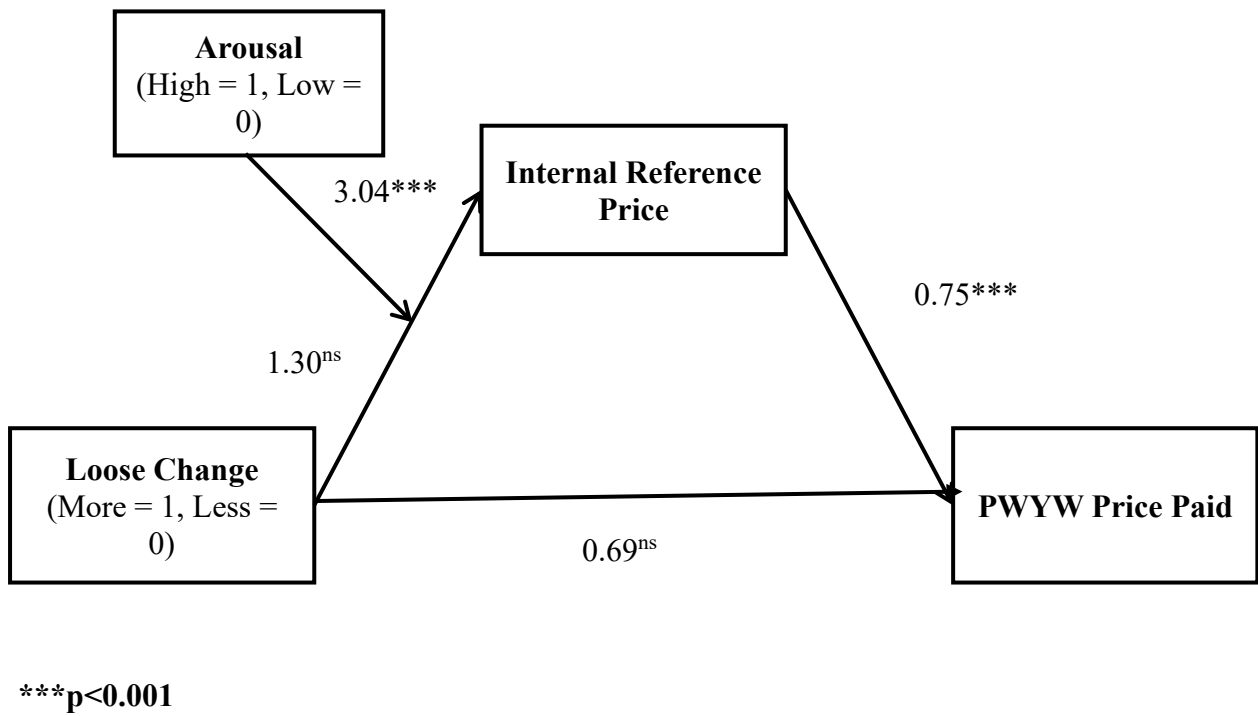


Figure 3: study 3 moderated mediation model of music, loose change and IRP



Appendix

Scale Items for Control Variables	Source
Price Consciousness <ol style="list-style-type: none"> 1. Before I buy a product, I often check the prices of different retailers to obtain the best benefits. 2. I usually purchase items on sale only. 3. I usually purchase the cheapest item. 	Kim et al. (2009)
Satisfaction <ol style="list-style-type: none"> 1. I am satisfied with the cake/sandwich purchase at the store. 	Kim et al. (2009)
Loyalty <ol style="list-style-type: none"> 1. I am a regular customer of this store. 2. I use this store to cover large part of my shopping. 	Kim et al. (2009)
Fairness <ol style="list-style-type: none"> 1. My price paid was fair towards the seller. 	Kim et al. (2009)
Mood <ol style="list-style-type: none"> 1. Currently, I am in good mood. 	Roy and Ng (2012)
Altruism <ol style="list-style-type: none"> 1. I love to help others. 2. I have a good word for everyone. 3. I am concerned about others. 4. I make people feel welcome. 5. I anticipate the needs of others. 	Kim et al. (2009)