

DETERMINANTS OF INTERNAL REFERENCE PRICES - EMPIRICAL STUDY AND MANAGERIAL IMPLICATIONS

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ABSTRACT

Previous research on pricing demonstrates that among approaches of pricing strategy and price determination, behavioral approaches to perception of prices play an important role for purchasing decisions. The reference price is an individual price perception of a customer for one product. Consumers compare real prices of products and services with own price norms for these outputs. The aim of the present paper is the examination of reference prices and the analysis of changes of the individual reference price over time and the final derivation of management implications. Therefore, an empirical study for two products, pastries and furniture, is conducted.

Keywords: *Reference Price, Assimilation-Contrast-Theory, Price Memory, Price Perception*