

Success Factors of Pay-What-You-Want

Bachelor Thesis

At the University of Applied Sciences Hof

Faculty of Economics

International Management

Submitted to:

Prof. Dr. Andreas Wagener

Alfons-Goppel-Platz 1

95028 Hof

Submitted by:

Marina Fürst

Matriculation- Nr.: 00132211

13th of May 2015

Table of contents

1. Introduction	1
1.1 Introduction of Pay-What-You-Want (PWYW)	1
1.2 Structure of the thesis	3
2. The participative price mechanism Pay-What-You-Want	5
2.1 Definition and practical application of PWYW	5
2.2 Behavior-theoretical aspects influencing the price under PWYW	8
2.2.1 Fairness	8
2.2.2 Altruism	9
2.2.3 Loyalty	9
2.2.4 Price consciousness and income	10
2.2.5 Reference price	10
2.2.6 Satisfaction	11
2.3 Status Quo Bias	12
2.4 Reasons why customers pay non-zero prices	12
2.4.1 The upper limit of prices in PWYW	13
2.4.2 The lower limit of prices in PWYW	14
2.5 Examples of companies/branches implementing PWYW	14
2.5.1 Internet	14
2.5.2 Hotel industry	15
2.5.3 Gastronomy	16
2.5.4 Other branches	16
2.6 Short-term and long-term effects of PWYW in comparison	18
2.7 Impact of background emotions on the impression of prices	19
2.8 Moods as an explanation for short-term fluctuations	20
2.9 Business-related increase in the value effects	21
2.9.1 Development of new customer groups	21
2.9.2 PWYW as an instrument in the price discovery process	22
2.9.3 PWYW induced cost savings	22
2.10 Comparison with other participative price mechanisms	23
3. Empirical Part	25
3.1 Methodology	25

3.1.1 Type of research tool: semi-structured interview	25
3.1.2 Data quality issues.....	25
3.1.2.1 Reliability.....	25
3.1.2.2 Generalizability	26
3.1.2.3 Validity.....	27
3.2 Interview partners.....	27
3.2.1 Zoo Augsburg, Germany.....	28
3.2.2 Neck Attack Stuttgart, Germany.....	29
3.2.3 Dasparkhotel Ottensheim, Austria.....	29
3.2.4 Der Wiener Deewan, Austria.....	30
3.2.5 Lentil as Anything, Australia.....	30
3.3 Analysis of the interviews	31
3.3.1 Preparations and preliminary considerations.....	31
3.3.2 Execution and Implementation of PWYW.....	34
3.3.3 Comparison before and after/during the application.....	36
3.3.4 Effects after the implementation of PWYW	38
4 Factors influencing the success of PWYW	41
4.1 Product or service characteristics.....	41
4.2 Distribution channels.....	43
4.3 Advertising- and price-political aspects.....	43
5 Summary/ Prospect.....	45
5.1 Reference to success factors of PWYW.....	45
5.2 Summary and ergonomic findings.....	46
5.3 Conclusion and guidance.....	48
Appendix.....	IV
Bibliography.....	XXXI
Statutory declaration.....	XXXVI

List of figures

Figure 1: Behavior-theoretical aspects influencing the final price paid.....	8
Figure 2: Overview of companies/ branches implementing PWYW.....	17
Figure 3: Summary short-term and long-term effects of PWYW.....	19
Figure 4: Classification of participative price mechanisms.....	24
Figure 5: Summary of the results of the interviews.....	40

1. Introduction

1.1 Introduction of Pay-What-You-Want (PWYW)

Due to the oversupply of products and the saturation of markets it became more and more difficult for companies as well as for sellers to yield profits and to differentiate themselves from their competitors (Schwendemann 2010). Another problem with which various enterprises nowadays are confronted, is the increasing competition and product life cycles which are becoming shorter (Biondi 2011). Besides product innovation and special service offers, a company can achieve higher profits and differentiation by applying special price strategies (Schwendemann 2010). In markets with a high competitive pressure the price is often determined one-sided by the seller respectively the company (Biondi 2011).

In contrary to this approach, an increasing number of organizations test or tested the innovative participative pricing mechanism Pay-What-You-Want (PWYW). PWYW means the customer can decide upon the final price he or she wants to pay for a product or a service. However, the vendor has to accept any payment between zero and infinite (Biondi 2011). This price mechanism triggers a higher perceived control of the buyers and therefore a greater intent to purchase, greater fairness perceptions and satisfaction (Kim et al. 2009).

This bachelor thesis illustrates that this price model can be used successfully for bricks-and-mortar companies and that it brings about positive impacts for the seller or the company as well as for the consumer. It is possible to boost the number of new customers and the turnover while deploying PWYW. In line with these aspects, PWYW can spur a rising popularity of a brand. Likewise the application triggers a significant increase in the customer's satisfaction, because the purchaser can act autonomously in setting the price. Also social norms are of high relevance as they prompt the consumer not acting as a person who strives for getting the highest monetary benefit. Consequently, PWYW is a versatile instrument and raises attention from the purchaser's site which is a scarce resource these days. However, if a company plans to utilize

PWYW long-term this may be difficult due to a dynamic market environment and partly unpredictable outcomes. Additionally, a long-term application requires a huge level of attentiveness, so it might be easier to deploy PWYW on a short-term basis (Biondi 2011, Kim et al. 2009 + 2010)

Apart from the aspects mentioned earlier, the most crucial success-determining factors are behavior-theoretical aspects like fairness and satisfaction, the product characteristics, the distribution channels and aspects of marketing and price politics (Biondi 2011).

This thesis elaborates on the critical success factors of PWYW and which prerequisites need to be considered in advance with the aid of studies, interviews and field experiments. This thesis should also support companies planning to implement PWYW to avoid initial problems and to become successful with this innovative price instrument. Additionally, this thesis should lower the barrier for companies to test this innovative price mechanism as it provides them with an insight into all preliminary considerations to circumvent risks. Nevertheless, these success factors cannot be generalized and status quo bias need to be overcome before the implementation of a new pricing system (Chernev 2004, Kahneman et al. 1991, Samuelson et al. 1988).

This bachelor thesis particularly discusses PWYW as it is the most interesting and prominent innovative participative price mechanisms. So far, only a few studies dealt with the effects of PWYW, probably because it is one of the newest price instruments, but nevertheless one of the most effective ones. It is exciting to observe how customers behave if they can pay what they want and why they do so. Companies should be aware that PWYW can provide them a perfect solution to achieve their specific corporate objectives and to conduct their business with a totally new approach, if they know how to use PWYW right and how to impact the final payment. The pricing strategy a company applies affects the whole business as prices are -- or at least should be -- the core of a company's marketing efforts. Consequently, it is eminent to understand the dynamics and possibilities, but also limitations of pricing.

1.2 Structure of the thesis

The following part of the bachelor thesis is divided into four chapters. The first will deal with the definition and classification of PWYW as it is often confused with other participative price mechanisms. It also copes with the behavior-theoretical aspects influencing the PWYW price which goes in line with the reasons why customers pay non-zero prices. This is crucial to know for a company as the firm is able to influence these factors and the importance given to them through taking the right actions. However, an organization has to consider the status quo bias from the customers which will be discussed in this thesis. Apart from these prominent aspects, the author will provide the short-term and the long-term effects of PWYW, because the duration of the application of this instrument induces different results. Consequently, a company should adapt the span of the promotion according to the corporate goal which is intended to be achieved. After that, the thesis will cope with the impact of background emotions on the price impression. Next, the chapter will deal with the impact of people's mood respectively the weather on consumers' (spending-) behavior. Finally, it will be elaborated on some examples of companies or branches which implemented PWYW.

The next chapter will discuss the company interviews done by the author, compare the results and evaluate them. These interrogations will illustrate what to consider before or while executing PWYW and show the positive respectively negative results of applying the price model. A personal interview with the 'Zoo Augsburg', a written interview with 'Neck Attack' Stuttgart, a interrogation via phone with 'Dasparkhotel' Ottensheim, a written inquiry with 'Lentil as Anything' Australia and an interview via E-Mail with 'Der Wiener Deewan' was done. Furthermore, the author will express her own opinion about the findings of the interrogations.

The following chapter will elaborate on different factors impacting the success of the participative price mechanism, like product characteristics, distribution channels and advertising- and price-political aspects.

In the last chapter a prospect, a summary and a conclusion will be provided as well as some guidance how to apply PWYW the right way according to the critical success factors, so that also other companies can utilize PWYW successfully.

2. The participative price mechanism Pay-What-You-Want

2.1 Definition and practical application of PWYW

Pay-What-You-Want (PWYW) is defined as “[...] a participative pricing mechanism that delegates the whole price determination to the buyer.” (Kim et al. 2009, p.45). After the purchaser has named the price, the seller cannot reject it (Kim et al. 2014). As a result, the transaction automatically proceeds with the named price (Kim et al. 2009). In addition Pay-What-You-Like and Pay-What-You-Wish/ Pay-As-You-Wish are terms of the same meaning (Biondi 2011). It is classified as participative, because the customer is integrated in the price discovery process which is unconventional and innovative as it differs from the ordinary pricing, people are accustomed to (Kim et al. 2010).

So far only a few companies implemented or tested PWYW, what does not mean that it is a minor successful instrument. This participative pricing mechanism is applied on the internet -- the most prominent example here is the rock band Radiohead on which the author will elaborate later -- as well as in the offline-world. Typical industries where PWYW is utilized are services, gastronomy, hotels or in the music industry. Furthermore, industries with a low amount of variable costs and enough capacity are suitable to deploy PWYW (Kim et al. 2010). Additionally “[...] PWYW is more likely to evolve in services where payments are ordinarily expected to be made after consumption and where the consumption experience remains very salient in consumers’ minds at the moment of payment.” (Machado et al. 2012, p.24 f.). Due to that, the risk of a negative gross margin which results of low prices, is diminished. Following it will be coped with some examples showing the application of PWYW. A study comprising three experiments dealt with that participative price instrument in different product categories:

- 1) A lunch buffet in the restaurant Kish in Frankfurt
- 2) A multiplex cinema in the vicinity of Frankfurt
- 3) Hot beverages in a delicatessen in Wiesbaden (Kim et al. 2010)

In all three experiments, guests had to fill in a survey or a questionnaire containing information like the customer satisfaction, their price consciousness, their loyalty, fairness and altruism. The results will be presented after describing the three investigations (Kim et al. 2009).

In the first example, the restaurant Kish in Frankfurt, Germany, offered in the end of 2007, for a period of two weeks, the lunch buffet under PWYW conditions, whereas the drinks were provided for their regular price. The original fee was 7.99€. To easily compare the results of revenue and sales, two observation weeks were done beforehand. This experiment seems appropriate as the lunch buffet has high fixed costs but low variable costs. The promotion was advertised through flyers, a frame sign and two posters in front of the restaurant, where the original buffet price was stated. During the execution of PWYW, the regular fee was removed. Within these two weeks, 253 customers ordered the lunch. After paying, the people were asked to fill in a questionnaire. Guests should fill in the price they paid for their meal as well as their perceived personality traits (Kim et al. 2009).

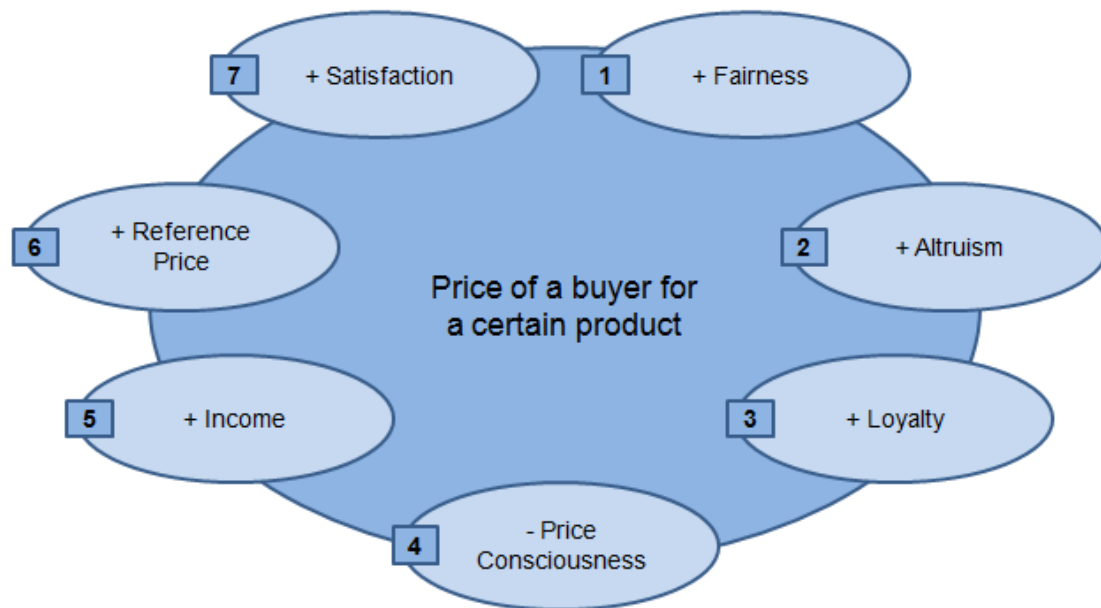
The second experiment in a cinema near Frankfurt also took place in the end of 2007 for three days. From Monday to Wednesday cinema tickets were provided at a PWYW price. Usually these tickets range from 4.00€ to 9.50€ respectively 4.00€ to 4.50€ on Tuesdays. The total maximum capacity of the cinema is 1428 guests. Movie screenings are a convenient product for the utilization of PWYW as the capacity of the cinema auditoriums is limited. Additionally, studies illustrate the customers perceive ticket fees to be unfair, so PWYW could be a useful instrument to allow the people to determine the price by themselves. In contrary to the first investigation, PWYW was not advertised beforehand, only posters describing PWYW were hung up inside the cinema during the application period. In this case consumers were also asked to pay before seeing the movie. However, regular prices were not removed, but were attached next to the ticket boxes. After the transaction was finished, customers were asked to fill in a questionnaire, 247 guests participated (Kim et al. 2009).

Thirdly, in Wiesbaden, a city close to Frankfurt, a study was conducted in a delicatessen in the summer of 2006. The product portfolio of the delicatessen entails several products such as wine, chocolate, antipasti, sandwiches and hot as well as cold beverages. Furthermore 15 up to 20 customers could be seated inside the cafeteria. The investigation lasted for six weeks entailing observation periods of two weeks before and after the two experimental weeks. Prices were hidden during the first week of the experiment. During the second week some external reference prices for five out of ten randomly chosen products were given. PWYW was advertised through a poster in the shop window, an A-board outside the shop and flyers on the tables, which stated that customers could pay the price they wanted for hot beverages. In total 813 hot beverages were consumed during the experiment excluding hot beverages to go. In the second week, prices were removed and purchasers were asked to pay after drinking the beverage. In addition, 271 guests were randomly surveyed after drinking and paying. For this study beverages were chosen due to their low variable costs, limiting the seller's risk (Kim et al. 2009).

Next, it will be shortly elaborated on the results of the experiments. Surprisingly, prices paid in the third study, the hot beverages, were significantly higher than the regular fees. On average consumers paid 10.62% higher prices for the beverages under PWYW conditions, while customers paid on average 28.72% less for the cinema tickets and 19.37% less for the lunch buffet. Additionally, the study declares that people paid about 86% of their reference price related to the above mentioned experiments. Also no customer paid a price of zero during the experiments and only a very few customers paid a really low price (Kim et al. 2009). Concerning the third study, no significant increase in the sold units could be observed, whereas the revenue of the restaurant boosted due to the increasing number of new customers. The cinema's ramifications were not that positive as average prices under PWYW plummeted by almost 30% in comparison with the regular fee. Furthermore, the rate of new buyers could not compensate this loss, as PWYW was not advertised in the case of the cinema (Kim et al. 2010).

2.2 Behavior-theoretical aspects influencing the price under PWYW

Figure 1: Behavior-theoretical aspects influencing the final price paid



Source: Own illustration based on Kim et al. 2010 p.155

2.2.1 Fairness

Rabin (1993) developed the concept of fairness equilibrium, which states that people support those persons who are friendly to them and punish those who behave rudely. Furthermore, many consumers are willing to cooperate as their behavior is strongly influenced by fairness (Kim et al. 2010). According to the Equity-Theory by Adams (1965) "[...] humans strive for a fair reward for their effort and try to avoid imbalances in order to diminish tension and stress [...]." So we assume that the consumers seek for a fair compensation if a product's or service's quality is satisfying (Biondi 2011). In general people tend to perceive prices as too high and as a consequence as unfair. The reason is that consumers compare the given prices with their reference price or the production

costs. Very often they underestimate these costs and do not consider price increases due to inflation. Instead people believe that these price increases derive from profit seeking from enterprises, so prices are seen as unfair (Schwendemann 2010).

2.2.2 Altruism

In addition to fairness, the level of altruism can influence the final price paid by customers. Pure altruism, meaning that people do not ask for any reward, often exists when they give donations to SOS Children's Village or AIDS-fonds as they are aiding the society and people in need. So one can presume that buyers with altruistic characteristics tend to pay higher prices (Kim et al. 2010, p.156).

This can be proofed by a study from Gneezy et al. (2010). In an amusement park photos from an automated camera placed next to a roller coaster were sold to the passengers driving the roller coaster. Gneezy et al. varied two parameters resulting in four price models. First, the photos were offered for the regular price of \$12.95 each, whereas in the second price model half of the final payment for each photo was donated to a charity organization. The third option was that purchasers could pay what they wanted for their photo. The last model was similar to the third one, but it stated that half of the final price would be donated to a locally well-known institution. Gneezy et al. suggest that the achieved profit from these roller coaster photos is probably attributed to the positive impact of the donation which minimizes a company's own interests. As a consequence the donation mechanism sets a barrier that various free-riders (people who pay a price of zero) do not overcome, so they do not (fully) exploit PWYW (Biondi 2011).

2.2.3 Loyalty

If consumers intend to buy at a shop again or if they have a long lasting relationship with a certain seller, customers pay a higher amount of money by

tendency. One explanation is that in case customers disburse a price lower than the vendor's costs, the supplier might not be able to survive on the market in the long run (Kim et al. 2010). The same phenomenon can be observed with tips. Some scientists claim that a positive correlation exists between the amount of tips given to the restaurant and the frequency people visited this restaurant (Conlin et al. 2003, Lynn and McCall 2000a, 2000b). Bodvarsson and Gibson (1997) found out that loyal guests pay 1.05% higher tips on average than other guests. Azar (2007) provides a possible explanation: People fear that an amount which is too small might trigger embarrassment or an uncomfortable situation.

2.2.4 Price consciousness and income

Price Consciousness is defined as a consumer focusing on paying low prices (Lichtenstein et al. 1993). Consequently, price conscious customers try to close the best deal by comparing prices and seeking for discounts. Therefore, it can be estimated that these consumers spend a lower amount under PWYW than the ones who are not price conscious as they can raise their consumer surplus (Kim et al. 2010). In addition, according to the neoclassical theory as well as according to the theory of price fairness, buyers with a huge income remit more money under PWYW as those with a low income (Borck et al. 2006; Kim 2010).

2.2.5 Reference Price

The reference price as part of product related characteristics is a prominent aspect influencing the customer's behavior. There are two kinds of reference prices, the internal one and the external one (Schwendemann 2010). "The internal reference price is defined as the price of the same or a similar product of previous purchases that customers remember" (Kim et al. 2010, p.157). The external reference price is described as the average price, the cost determined by the market or the fee a competitor is charging for a similar product or service

(Schwendemann 2010). Consumers take the reference price to evaluate the fair price for a certain product. One can assume that the exceedance of the reference price prompts stronger reactions of the purchasers than a lower deviation of the same amount. Although the vendor cannot impact the reference price in a direct way, he can indirectly influence it through the pricing of former prices (Schwendemann 2010). If consumers realize that a product often is at discount, they adjust their internal reference price downwards what results in a diminished willingness to pay and vice versa (Krishna et al. 1991, Kim et al. 2010). This goes in line with the theory of constructed preferences which declares that consumers are frequently unsure about the value of a certain product and utilize additional information in order to determine their willingness to pay (Bettman et al. 1998, Kim et al. 2010). However, one possibility to attain higher profits may be to factitiously raise the regular prices some weeks before implementing PWYW in order to increase the final payment (Schwendemann 2010).

2.2.6 Satisfaction

In addition to the reference price the satisfaction of the customers with a certain product or service belongs to the product related characteristics (Kim et al. 2010) Homburg et al. (2005) observed a strong positive relationship between the gratification of the consumers and their willingness to pay. Two types of customer satisfaction can be distinguished:

- 1) Transaction specific satisfaction

The transaction specific satisfaction is linked to a defined product and forms after the purchase.

- 2) Cumulative satisfaction

The cumulative satisfaction emerges through the evaluation of a determined product which the buyer has consumed over the entire period until this day. This has a more significant impact on the price than the transaction specific satisfaction. Consequently, it is critical that

companies ensure a steady excellent quality and an exceptional service (Schwendemann 2010).

2.3 Status Quo Bias

Scientific research provides evidence that consumers feel dissonance and discomfort if they are faced with making decisions that constitute exceptions to accepted norms. In the pricing context, status quo bias can be defined as a situation where customers display an exaggerated preference for the traditional pricing policy (Chernev 2004, Kahneman et al. 1991, Samuelson et al. 1988). It is not typical for consumers to set their own price in conventional market transactions (Machado et al. 2012).

In reality asking customers to take decisions could be onerous for two reasons. First of all, they have to dissipate greater cognitive effort in evaluating the new pricing mechanism. Secondly, the purchasers need to surmount the dissonance related to the uncertainty of not knowing whether the price paid under PWYW was too high or too little (Luce 1998). The reason for this discrepancy may be rooted in self-image concerns as people want to keep a positive image of themselves. Contradicting to this, PWYW transactions can spur internal conflicts and threaten the consumers' self-images. Consequently, customers tend to avoid this kind of purchasing processes (Gneezy et al. 2012). This effect may be leveraged by suggesting suitable prices. Nonetheless, the potential benefits of suggested prices need to be weighed against their resulting negative ramifications on the formation of fair price perceptions (Machado et al. 2012).

2.4 Reasons why customers pay non- zero prices

The question is why customers are willing to pay prices higher than zero as usually the benefit of the buyer of paying nothing and getting the desired product or service in return would be at its maximum. Different theoretical approaches can serve as a psychological reason for these unanticipated

outcomes (Schons et al. 2014). Heyman and Ariely (2004) distinguish two categories of human interactions. First, economic exchange relationships and second social exchange relationships. The economic exchange relationships are driven by market norms whereas the social exchange relationships are guided by social norms of cooperation, reciprocity and fair distribution. PWYW dissolves the conventional market exchange relationship between purchasers and merchants and changes the relationship into a situation where behavior is guided by market as well as social norms. If a customer free-rides, so if he pays nothing at all, this violates social norms of fairness (Riener et al. 2012). Additionally, it is suggested that the prices consumers determine under PWYW conditions change with the frequency of transactions and assumes a downward slope (Schons et al. 2014). Furthermore, suggested prices change the distribution of the final paid prices. These payments will cluster closer to the proposed price, so customers tend to pay an amount higher than zero (Johnson et al. 2013).

2.4.1 The upper limit of prices in PWYW

Scientists have identified that customers evaluate the fairness of seller-supplied fees on the basis of their internal reference price (Monroe 1990). This reference price is always based on their memories and serves as a benchmark in later purchases (Kalyanaram and Winer 1995). Therefore, these prices present an anchor when it comes to determine the adequate payment in participative pricing (Kim et al 2009). As the internal reference price and the customer's willingness to pay are strongly related, we can suppose that the internal reference price is the upper limit of a consumer's PWYW payments (Northcraft and Neale 1987, Schons 2014). However, internal reference prices shrink because they reflect recent price experience (Mazumdar et al. 2005).

2.4.2 The lower limit of prices in PWYW

Concerning the lower limit of PWYW prices, several studies illustrated that the majority of the people do not exploit the mechanism to the full extent. In addition, customers know that free-riding induces losses for the seller and makes it unattainable for the vendor to continue with the PWYW offer. However, this long lasting promotion allows the consumer to regularly purchase his or her products below the conventional market price. As a consequence, especially frequent buyers should be interested in paying a fair fee to the merchant on the basis of cost estimates (Sinha and Batra 1999). Thus, we can assume that cost estimates form the lower limit of PWYW prices (Schons et al. 2014).

2.5 Examples of companies/branches implementing PWYW

2.5.1 Internet

Now the author would like to come back to the earlier mentioned music industry example concerning the British rock band Radiohead. In September 2007 Radiohead caused a sensation when they decided to sell their new album 'In Rainbows' exclusively for two months under PWYW conditions on a special website. After this period, the band could count more than two million downloads with various prices from zero to 99.99 pound. Even though 62% of the fans did not pay anything, the band claimed that the campaign was successful and profitable for them due to the high number of downloads (Kim et al. 2010).

Following this example also the musicians Girl Talk, Trent Reznor, Matthew Smith and the comedian Steve Hofstetter sold their album on the internet, where the customers could determine the price by themselves. Additionally, on the internet platforms like Noisetrade.com or Aralie.com can be found which offer songs and albums for a PWYW price (Kim et al. 2010). On Noisetrade.com musicians can offer their songs which customers can download for free under certain conditions. The first prerequisite is that they insert a valid e-mail address

and their postal code. Secondly, they have to support the musicians to become more famous (Biondi 2011).

2.5.2 Hotel industry

Furthermore, the participative price mechanism is utilized in the hotel industry. Already in 1995 the hotel chain Ibis advertised it in order to gain attention and to acquire new customers. This campaign was related to overnight stays (Kim et al. 2010).

In Längenfeld in Tirol, Austria, tourists could determine their own price for overnight stays in hotels, meals and excursions in June 2009. The village's goal was to give an incentive to the visitors to spend their time there (Kim et al. 2010).

Moreover, the hotel chain NH from the Netherlands and Belgium implemented PWYW for one weekend in December. In total the chain comprises 36 hotels with three, four or five stars. Four weeks in advance this promotion was advertised with ads on billboards, in magazines and newspapers as well as e-mailings and leaflets. The promotion entailed overnight stays for the mentioned weekend and breakfast. As soon as guests were about to pay, they were kindly asked to fill in a survey where the regular price -- which was increased for 20€ on the first day of the promotion -- was clearly written. It was also noted that in case people would free-ride, they would be asked for the reasons by the receptionist. Gautier and Klaauw (2012) who accompanied the hotel chain during the execution differentiated the customers into two groups. First, people who booked their room before they got to know about the promotion and second guests who booked their room after being informed about the promotion and because of it. Gautier and Klaauw denominate the first group as involuntary and the second one as voluntary participants. The result which could be drawn by the hotel through the application of PWYW in this case was that it triggered a considerably lower price per guest, but the accumulated turnover regarding the weekend was higher compared with the same weekend the year before.

Reasons provided might be the low variable costs for a hotel room and that all the hotel rooms were booked out during the PWYW promotion. The disparity between the prices paid by the involuntary guests and the voluntary ones are significant. The participants who booked their room before knowing about PWYW paid almost double of the price of the ones booking their room afterwards. Enhancing the prices for 20€ raised the customers' willingness to pay and as a result the guests paid higher prices. In this case, the involuntary group paid prices 11.32€ higher, so 23%, whereas the voluntary guests only paid 0.08€ higher prices than before the price increase of 20€ (Biondi 2011).

2.5.3 Gastronomy

PWYW can also be found in gastronomy where it is applied most often. Nowadays, consumers can choose their own price for beverages and/ or meals in various restaurants in many towns in Europe (Biondi 2011). The most famous example in Germany is probably the restaurant Kish in Frankfurt as mentioned earlier. This participative instrument can work for high-priced restaurants as well. This can be proofed on the illustration of Fernandez and Babu (2009). They explained that in the exclusive restaurant called 'Mon Cheri' located in the Japanese city Fukuoka only ten people can be seated but still it can persist since 1979 under PWYW conditions.

2.5.4 Other branches

Other branches where PWYW is implemented are for instance mobile massages by the companies 'Body Angels' or 'Neck Attack'. They drive around in big cities and offer massages to the public or to companies. Unfortunately, the concept of PWYW did not work for the dating platform Eve ,n' Adam for the monthly fee as not sufficient members subscribed. Moreover 'Drehbuchschule Berlin' (film script school Berlin) enforced PWYW on a promotional basis in pursuance of acquiring new customers. Therefore, Drehbuchschule had to

accept prices far below their regular fees of about 300€ to 400€ per course (Biondi 2011). Only 20% of the clients paid more than 120€, 15% to 20% were free-riders (Friemel 2006). DSC Wanne-Eickel and FSV Frankfurt, two football clubs, let their audience pay what they wanted for entrance ticket prices. Also Apollo-Optik tried to acquire new customers through offering their spectacle frames under PWYW conditions for about two months from August to October 2009. If PWYW is applied short-term, typical objectives are sales promotion respectively the boost of the purchase intensity and the acquisition of new potential customers (Biondi 2011).

The majority of the above mentioned examples of PWYW-promotions gathered positive experiences regarding the amount of new consumers and the purchase intensity. However, the paid prices under PWYW are most often below the regular prices, so that in some of the named cases the price decline could not be compensated through an increasing number of new customers (Kim et al. 2010).

Figure 2: Overview of companies which applied PWYW

	Gastronomy	Music Industry	Hotels	Others
Permanent Application	<ul style="list-style-type: none">• Wiener Deewan, Wien• Kish, Frankfurt• Weinerei, Berlin• Terrabite, Seattle• Lentil as Anything, Melbourne	<ul style="list-style-type: none">• Noisetrade.com• Sheeba.ca• Aralie.com• Cashmusic.org• Girl Talk ("Feed the Animals")	<ul style="list-style-type: none">• Parkhotel, Ottensheim	<ul style="list-style-type: none">• Neck Attack, within Germany• Body Angels, Frankfurt• EvenAdam.de
Promotional Application	<ul style="list-style-type: none">• Little Bay, London• Unterm Apfelbaum, Fulda• Ristorante Etrusca, Köln	<ul style="list-style-type: none">• Radiohead ("In Rainbows")	<ul style="list-style-type: none">• Ibis Hotels, within Germany• Ibis Singapore on Bencoolen• Hotel Tannenhof, Sasbachwalden	<ul style="list-style-type: none">• Drehbuchschule, Berlin• DSC Wanne-Eickel, Herne• FSV Frankfurt• Längenfeld, Tirol• Zoo Augsburg• Apollo Optik, within Germany

Source: Own illustration based on Kim 2010, p.151, ill. 2

2.6 Short-term and long-term effects of PWYW in comparison

If a company applies PWYW short-term, often objectives like augmentation of the intensity of purchases, acquisition of new customers as well as merchandising are pursued (Kim et al. 2010). In addition, the vendor has the possibility to serve purchasers who would otherwise be priced out of the market (Kim et al. 2009). Mostly, these goals can be obtained even if the PWYW payment almost always lies under the external reference price. This risk will even enhance the longer the participative instrument is applied due to a decrease in turnover. Empirical studies demonstrate that a price promotion lowers the consumer's reference price, so they tend to pay less as they mostly seek to purchase for the lowest price possible. As a consequence there is the risk that regular prices, the ones without any promotions, could be seen as unfair in the future. In contrary, the investigation concerning the restaurant Kish in Frankfurt illustrated that this does not have to be the case. Payments slightly stepped up from time to time, probably due to several price-conscious customers eating there in the beginning, but these were not the ones remaining as consumers later on. Another long-term ramification related to PWYW is the so called 'Cross-Selling-Effect' which is "[...] the practice of selling or suggesting related or complimentary products to a prospect or customer [...]" (Investopedia LLC., <http://www.investopedia.com/terms/c/cross-sell.asp>, 2015). This effect can also be derived from the example of the restaurant Kish. Even though they charged the regular prices for the dinner buffet, the restaurant was able to double its revenue from the dinner buffet due to customers eating the lunch buffet under PWYW conditions returning in the evening (Kim et al. 2010). However, the long-term perspective of the application of PWYW is still to be researched. Notwithstanding, we can assume that if this mechanism is implemented by all relevant competitors of a PWYW supplier (not only Kish, but similar restaurants in the vicinity), the differentiation characteristic would disappear and as a consequence also the positive ramification concerning the amount of new customers would vanish (Kim et al. 2010).

Figure 3: Summary short-term and long-term effects of PWYW

Short-term effects	Long-term effects
<ul style="list-style-type: none">-↑ intensity of purchases-↑ new customers-↑ merchandising- possibility to serve low-income customers- price promotion ↓ customer's reference price (↓ payments)	<ul style="list-style-type: none">-Cross-Selling- ↑ risk that the final price lies under the external reference price- ↗ paid prices (e.g. Kish)- still to be researched

Source: Own illustration based on the facts taken from Kim et al. 2009 + 2010

2.7 Impact of background emotions on the impression of prices

Traindl (2007) tested if people's price impression and covetousness in respect to a certain product can be influenced by peripheral emotional stimuli. He questioned if it is useful to take several measures at the Point of Sales to make the customer having a positive basic mood and consequently influencing the consumer's objective price impression. In his study he showed certain products on photo collages to people in two different forms of representation. One series illustrated the products in combination with a positive background atmosphere: pleasant colors and positive emotional pictures. In contrary, the other one displayed the products in a negative background atmosphere: dark colors, negative headlines and pictures of disease, war and decreasing stock prices. The objective of Traindl's investigation was to examine the influence of different background atmospheres and emotions on the customers' covetousness and the buyers' price impression in relation to a product. The base of this study is the assumption that people do not perceive products isolated, but also together with the emotional pictures placed on the photo

collage. Even though the products do not have a cognitive relation to the represented emotion, the emotional stimuli have an impact on the evaluation of the prompted products. Scientists showed that people are reacting above average on emotional picture stimuli. Therefore, an impact on the situational sensitivities can be expected. After conducting the experiment with 400 people in total, Traindl found out that the covetousness for a product within the group of people that perceived it in a positive atmosphere was enhancing 16%. In addition, these persons were even willing to pay a 10% higher price for these certain products. Consequently, he could proof that positive visual stimuli (for instance babies, lovers, etc.) trigger a positive background mood which in turn changes people's objective price impression in a positive way. This can also be applied the other way round, meaning negative stimuli decrease people's willingness to pay and the covetousness for the prompted products (Traindl 2007).

It can be assumed that the packaging and the presentation of products have a significant influence on the customer's willingness to pay for a certain product. This can be especially true for PWYW products, as consumers tend to spend more money for products that are packaged and presented positively, for instance through the deployment of different colors and pleasing pictures. The willingness to pay in turn impacts the final payment by the purchaser. As a consequence, just by creating a positive background atmosphere, the definite payment can be influenced (Traindl 2007)

2.8 Moods as an explanation for short-term fluctuations

Apart from the long-term trend of PWYW, some variations in short-term payments under PWYW can be observed. One explanation which can be provided for the fluctuations in payments are changing moods which affect people's behavior. One source which is capable of impacting moods is the weather like sunshine and temperature. Scientists monitored a strong relationship between the daily hours of sunshine and pro-social behavior or tipping behavior in a restaurant. As a consequence, a good mood spurs more

generosity. Hence, pleasant weather, depending on the season, has a positive influence on people's mood. Along with that, it can be expected that PWYW payments from people with a good mood are higher than the prices paid by customers in a bad mood. On top of that, consumers may adapt the amount they eat and drink. For instance, on warm days customers consume more drinks – for fixed prices – which might crowd-out the willingness to pay for food – under PWYW conditions. Studies also revealed that people drink more in hotter periods, but eat less and vice versa. Beyond, we can assume that, after controlling for temperature, sunshine only influences the price paid under PWYW via the impact on buyers' mood (Riener et al. 2012).

2.9 Business-related increase in the value effects

2.9.1 Development of new customer groups

The studies of Kim, Natter and Spann (2009) display that the application of PWYW can boost the number of new customers significantly. A reason explaining this phenomenon is that PYWY is a new innovative price model which attracts new customers by setting purchase incentives and is often accompanied by media response. PWYW offers consumers the opportunity to try a product or a service without any risk of wasting money in order to determine its value subjectively. This results in a maximum of accessibility providing the purchaser the signal that a company is convinced of its own products or services and believes in their quality (Biondi 2011)

Along with that, the market potential under PWYW conditions is at its maximum concerning the amount of customers served. In conjunction with the increasing number of new buyers, the publicity of the certain company will be augmented due to the high media response. Besides, PWYW raises the attention of customers as they do not have to consider if the subjective value matches with the price which is the case under fixed prices. Thus, PWYW is followed by word-of-mouth-advertising which again enhances the publicity of a firm and triggers an increment of the amount of new customers (Biondi 2011).

2.9.2 PWYW as an instrument in the price discovery process

If a product fulfills all the required product characteristics PWYW can be a suitable short-term instrument for the price discovery process. Especially in Business-to-Consumer transactions the group of buyers is heterogeneous. Hence, a discrepancy between the payment the vendor calculates and finalizes and the internal reference prices for a certain product resulting of the heterogeneity of the customer group emerges. The focus of the merchant is to adjust the sales price as precisely as possible to the average internal reference price of the buyers. This price adjustment covers the majority of the purchasers and pledges the highest degree of customer satisfaction. If the seller implements PWYW for a limited time and documents the final payments paid under PWYW conditions, he can draw conclusions about the average internal price. Adapting the product prices to that average internal reference price may be a competitive advantage as the majority of clients considers the price as fair or at least almost fair. Consequently, sales might rise in the aftermath (Biondi 2011).

2.9.3 PWYW induced cost savings

Fernandez and Babu (2009) suppose that a company can save expenditures through applying PWYW. They justify their assumption with the aspect that differentiated prices are a cost factor due to labeling, the accounting processes and potential price alignments or discount campaigns. Even though it is recommended to set anchors under PWYW, it is not necessary to frequently adjust the price, to print price boards or to think about for instance menu or offer-combinations. Thus, the structure of PWYW is purely determined by the customers' willingness to pay and saves a company's costs (Biondi 2011).

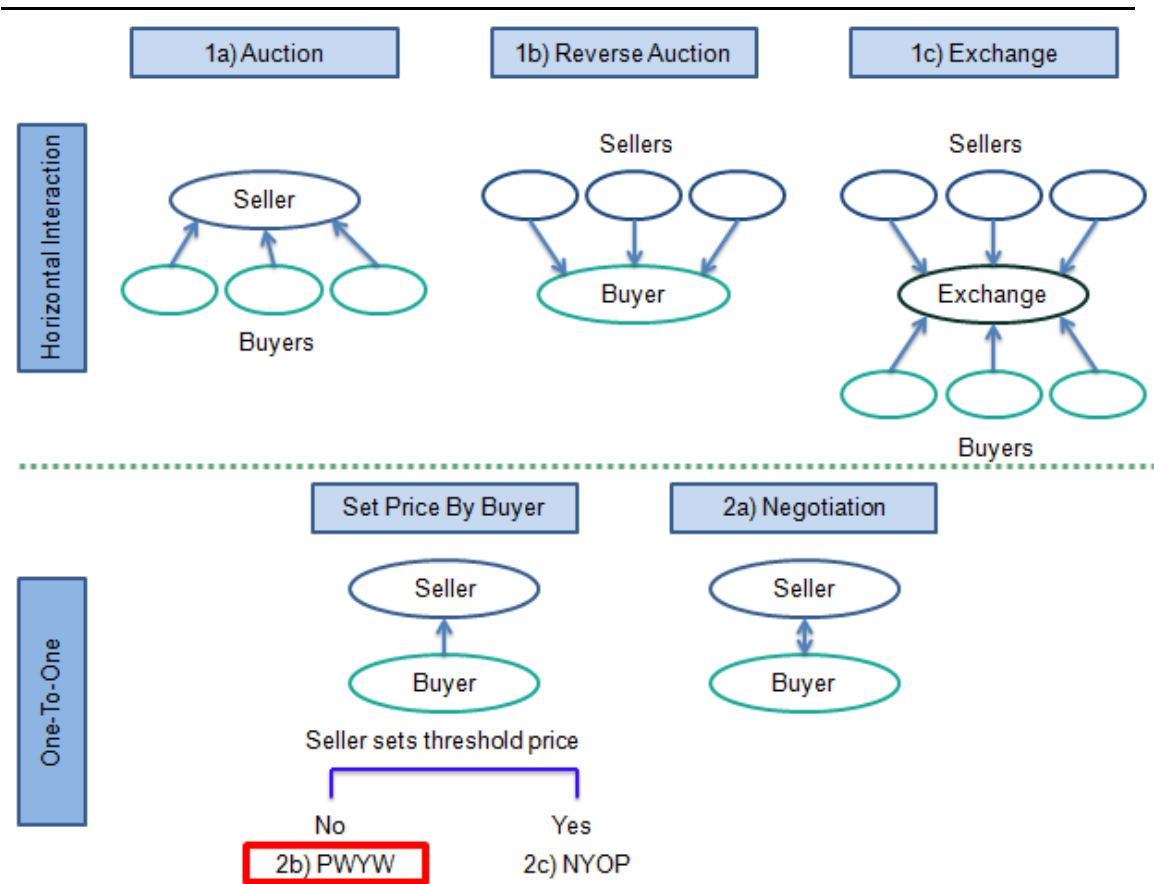
2.10 Comparison with other participative price mechanisms

Different participative pricing mechanisms can be distinguished according to their type of interaction between buyer and seller:

- 1) Horizontal interaction with several buyers and/ or several sellers
 - a) classical auction with several buyers bidding for a product from a vendor
 - b) reverse auctions, where various sellers bid to sell a product to a consumer
 - c) exchanges, where diverse merchants and buyers compete
- 2) one-to-one interaction, so one seller and one buyer
 - a) negotiations, where the consumer and seller bargain about the price (for instance bazars)
 - b) Pay- What-You-Want
 - c) Name-Your-Own-Price (NYOP) with the customer setting the final price

The most prominent difference between NYOP, which is also known as reverse pricing (Biondi 2011) and PWYW is that in NYOP the vendors can protect themselves from payments that are too low by setting a minimum threshold price in advance. So the transaction only proceeds if the buyer is willing to pay at least this charge (Kim et al. 2009).

Figure 4: Classification of participative price mechanisms



Source: Own illustration based on Kim et al. 2009, p.45

3. Empirical Part

3.1 Methodology

3.1.1 Type of research tool: semi-structured interview

In order to derive critical success factors of PWYW and to illustrate the trend in the implementation, the author conducted semi-structured interviews with five bricks-and-mortar companies within Germany, Austria and Australia. The questions were based on potential critical factors and behavior-theoretical aspects of PWYW which are derived from certain studies, especially the ones done by Kim et al. (2009 + 2010).

In semi-structured examinations, the interrogator has a list of topics and some key questions to be answered (c.f. Annex 1); however, these were adjusted from interview to interview. Additionally, the researcher will skip some aspects in certain interrogations or vary the order of the questions according to the specific organizational context and the flow of the conversation. Apart from this, some additional or in-depth questions might be required in order to explore the investigation and the objectives of the research. Semi-structured interviews are used for explanatory studies with the purpose to understand the relationship between variables (Saunders et al. 2012). In this case, the success factors of PWYW revealed from the descriptive study (c.f. chapter 2) and the success factors which can be derived from the interviews. Within these inquiries, data will be captured by recording the conversation or by taking notes (Saunders et al. 2012). The interviews were taken on a one-to-one basis by telephone, Skype or E-Mail, between one representative of the certain company and the author.

3.1.2 Data quality issues

3.1.2.1 Reliability

Associated with semi-structured interviews, some data quality issues have to be taken into account. First of all, the lack of standardized questions triggers concerns about the reliability. "Reliability is concerned with whether alternative

researchers would reveal similar information.” (Saunders et al. 2012, p.381). As the data collected reflects the reality at the time the interview was conducted, it is not guaranteed that, after repeating the interview, the same information will be gathered due to situations that are subject to change (Marshall and Rossman 2006). Furthermore, the circumstances of the research are complex and dynamic (Saunders et al. 2012).

This is also related to issues of bias which can be distinguished into three types. The first one goes in line with *interviewer bias* where the comments, tone or non-verbal behavior of the interrogator produces prejudices, which influence the interviewee in answering the questions. Bias may also arise in the way the interviewer interprets the responses. Secondly, *interviewee* or *response bias* can be derived. The reasons for these prejudices may be rooted in perceptions about the inquirer or may be linked with perceived interviewer bias. Even if the respondent is willing to take part in an interview, this person may not disclose sensitive information that the researcher wants to discuss or explore. Missing information in the analysis of these interrogations is a result of this fact. As a consequence, the interviewee may only provide a partial picture of the situation which might not reflect the real standing point. At last, prejudices can also result from the organization’s representatives who are consulted. These are called *participation bias*. As the interview process is time-consuming, the willingness to talk to the participants you would like to have the conversation with, may decrease (Saunders et al. 2012).

3.1.2.2 Generalizability

Based on the small and unrepresentative amount of interview partners due to a qualitative, but not a quantitative research, concerns about the generalizability of the findings can be raised. Generalizability is connected to the extent to which the collected information of the interviews is applicable to other companies (Saunders et al. 2012) In this case, the researcher had five interview partners from Austria, Germany and Australia. Lentil as Anything and Der

Wiener Deewan are conducting their business in the gastronomy, Neck Attack in the service industry, DasParkhotel in the hotel sector and the zoo in the leisure branch. Consequently, the following findings cannot be generalized for any country or any industry.

Moreover, four of the organizations are applying PWYW permanently and one on a promotional basis (the Zoo Augsburg). As a consequence, it can also not be clearly identified where PWYW is more successful and if the derived success factors are suitable for other companies. This might require different approaches. Behavior-theoretical aspects underlying the success of PWYW could also not be extracted from the interviews due to difficulties in measuring them, which impacts the generalizability further. It also has to be remarked that these factors are solely derived for bricks-and-mortar companies and that success factors for companies which are only conducting their business online may be divergent.

3.1.2.3 Validity

“Validity refers to the extent to which the researcher has gained access to a participant’s knowledge and experience and is able to infer meanings that the participant intends from the language used by that person.” (Saunders et al. 2012, p. 382). Validity implies reliability. However, in semi-structured interviews a high level of validity may be achieved, because they are conducted carefully while clarifying all questions and probing meanings (Saunders et al. 2012).

3.2 Interview partners

The bricks-and-mortar companies which were contacted were the ones mentioned in section 2.5 (examples of companies/branches implementing PWYW), as these are the most famous and the most experienced ones applying PWYW. Nonetheless, it was relatively difficult to find partners, because most of the firms never answered the requests or refused to take part in an

interview. All of these companies were first contacted by e-mail, stating that the interrogation would be for a bachelor thesis. The author always tried to have a personal interview respectively one via Skype or phone in order to receive as much information as possible. Two of the organizations did only agree to take a written interrogation without providing a reason.

3.2.1 Zoo Augsburg, Germany

The zoo was established in July 1937 and was called 'Park der deutschen Tierwelt' (meaning park of the German world of animals). During the Second World War large parts of the zoo were destroyed due to bombs, so it had to close. However, in summer 1946 it reopened and then it struggled to rebuild the zoo and to find new animals. Nonetheless, nowadays more than 2000 animals throughout the whole world can be found in Augsburg (Zoo Augsburg, <http://www.zoo-augsburg.de/> 2015). According to Mrs. John, who is working in the Marketing and Public Relations department of the zoo, the institution beat its own record of 600,000 visitors in 2014.

On Wednesday, the 11th of March 2015 at 11 o'clock, the author did an interview with Mrs. Tina John. The author read about the zoo and their PWYW promotion on the internet and then contacted the Mrs. John via e-mail. After Mrs. John agreed that she would take part in a personal interrogation, a date was set when to meet in Augsburg. Three weeks in advance she received the interview questions, so that she could prepare herself and all the data. During the inquiry the conversation was recorded to ensure the flow of the conversation. The zoo implemented PWYW on the example of the Zoo Münster in Germany, which utilized PWYW before. So Augsburg could avoid some initial mistakes like miscommunication of the promotion to the customer and neglecting to provide a reference price.

3.2.2 Neck Attack Stuttgart, Germany

Neck Attack is Germany's leading mobile massage company operating in the whole country. The firm is offering mobile massages for the office, for events, for fairs, for promotion purposes as well as for people's home. The masseurs are available from the morning to the evening during the entire week and even on weekends (Neck Attack, <http://www.neckattack.net/en/>, 2015). As it was the case with the zoo, the author also found out about Neck Attack's PWYW offer on the internet.

The author contacted Panja Trixner, the key account manager of the company in Stuttgart in the middle of March 2015. Mrs Trixner agreed to answer the questions about PWYW in written form, but gave no reason why an interview via Skype or phone would not be possible.

3.2.3 Dasparkhotel Ottensheim, Austria

Dasparkhotel Ottensheim in Austria is a hotel consisting of three canal pipes established in a public park in the city of Ottensheim. These suits are furnished with a bed for two persons, bed linen, sleeping bags, blankets and a lamp. Sanitary installations can be found in other canal pipes placed close to the rooms. People can reserve the suits online by connecting to the Dasparkhotel's website, typing in their valid e-mail address and then clicking on the link which was sent to them via mail. After that the guests receive a code which is needed in order to access one of the canal pipes which is valid during their stay. People can pay what they want for their stay by just leaving the money in the hotel room. The idea for this extraordinary hotel comes from Andreas Strauss, an artist (mag art) who holds a price for land improvement. The non-commercial hotel is open from May to October (Dasparkhotel, <http://www.dasparkhotel.net/>, 2015).

The contact with Dasparkhotel Ottensheim was established in the middle of March via E-Mail. On the 27th of March 2015 an interview via telephone was

done with Andreas Strauss. While phoning with Mr. Strauss, the author wrote the answers down. Later on Mr. Strauss checked these answers again and added some additional information via E-Mail.

3.2.4 Der Wiener Deewan, Austria

‘Der Wiener Deewan’ with the subtitle ‘pakistani food/ essen für alle’ (=food for everyone) is a restaurant in the city center of Vienna in Austria which offers self-service at a Pakistani food-buffet. Moreover, it was the first Pakistani curry buffet-restaurant and it is considered to be one of the best curry huts in Vienna. It was established by Afzaal Deewan, a Pakistani cook, business man and asylum seeker and Natalie a student of languages and philosophy in 2004. They decided to combine the two well-known concepts ‘all you can eat’ and ‘pay as you wish’. The restaurant is open from Monday to Saturday from 11am to 11pm. The drinks are sold at regular prices, but guests can pay what they want for the food. After their meal customers have to pay their drinks plus the voluntary price for the meal to the restaurant staff (Der Wiener Deewan, <http://deewan.at/>, 2015).

The author got in contact with Der Wiener Deewan also via E-Mail in the middle of March 2015. On the 21st of April 2015 Mrs. Natalie Deewan, one founder and manager of the company, answered via E-Mail after receiving the interview questions beforehand due to time reasons.

3.2.5 Lentil as Anything, Australia

Lentil as Anything is a unique, not for profit community organization in Australia. At their core are the PWYW restaurants where customers give what they want for their food and drinks and have the opportunity to contribute towards a world where respect, generosity, trust, equality, freedom and kindness rule.

Their philosophy has been working successfully for more than 13 years now, with five restaurants in Australia which are located in Abbotsford, St. Kilda,

Footscray, Preston and Sydney. They operate with a growing involvement in education and ongoing community projects (Lentil as Anything, <http://lentilasanything.com/about/>, 2015). Lentil as Anything is supporting people, who want to establish a Lentil (not for profit community organization), for instance by giving advices before starting, especially if no community support is granted. Opening up a Lentil in Paris and Torino is being planned.

The author wrote an E-Mail to Lentil as Anything on the 28th of March 2015. An interrogation via Skype was conducted on the 24th of April with Katrina Webb from the Lentil as Anything leadership team. The interview was recorded to assure the flow of the conversation.

3.3 Analysis of the interviews

3.3.1 Preparations and preliminary considerations

The first questions dealt with preparations of preliminary considerations the company took before executing PWYW. The companies were asked if they did any advertising before implementing the participative price model, as this is considered to be crucial for the success of the instrument.

The Zoo Augsburg did not advertise PWYW before carrying it out, they just started with all advertisements on the first day of the promotion. This was due to the fear that visitors will come to the zoo earlier than the promotion begins and then ask for only paying what they want. The zoo put PWYW into practice twice, in December (9th to 24th) 2013 and December (1st to 24th) 2014. Both times they produced radio spots in collaboration with two local radio stations, 2014 for one week and 2013 during the whole period. Additionally, in 2013, a sponsor publicized the promotion in whole Bavaria. Furthermore, they placed banners in an online-magazine. In 2013, billboards were advertising PWYW for one week and in both years flyers were distributed within municipal institutions. Moreover, mailings were sent to kindergartens and schools in 2013. Consequently, the Zoo Augsburg was advertising PWYW in 2013 more strongly than in 2014 because in the first year they wanted to publicize the promotion, whereas in

2014 people already knew about that concept. In 2013 the zoo also released a news release (c.f. Annex 7) stating that the special pricing model was a huge success. In 2013 the promotion was one week shorter than in 2014, because the zoo did not have the necessary experience and they could not prolong it due to staffing constraints.

Neck Attack started its business in 2004 with the concept of PWYW and did not do any advertisement; they relied on trial and error and the effect of personal interaction. So in case the system would not have worked out, Neck Attack would have changed the characteristics of its pricing model.

This was similar with Dasparkhotel, it also opened 2004 with implementing PWYW from the start and no advertisement was done due to the non-commercial character of the hotel, but now it is made public through a lot of press inquiries (for instance National Geographic, Galileo, New York Times, SZ, Die Zeit, etc.).

Also Der Wiener Deewan started its restaurant in the year 2005 under PWYW conditions for food, but beverages have fixed prices. Actually, the founders, who did not have any economic or managerial education, wanted to test the model for a limited time on a trial and error basis. Only after five years the founders started to pay themselves a regular salary of 1000€. Now they are working with PWYW since almost ten years due to its success. The façade of the restaurant which says 'ALLYOUCANEAT- PAYASYOUWISH' and for some time after the opening of the restaurant a window with the indication 'kostet...was ihr wollt' (=costs what you want) was the solely advertisement done by Der Wiener Deewan. However, there was a huge media response from the beginning which strongly focused on the special pricing policy.

As with Neck Attack, Dasparkhotel and Der Wiener Deewan, Lentil as Anything also opened its restaurants with the concept of PWYW and without doing any advertisement. Only some time later, Lentil as Anything decided to place announcements on its website and to give public talks, but there was no paid advertisement. All of the companies are also publicized by word-of-mouth.

To summarize the first interview question, no firm did advertisement before implementing PWYW and four out of these five companies opened their business with the participative price mechanism. All of the five organizations are still working with this concept. Solely the zoo is implementing PWYW for promotional reasons.

The next question was if the companies provided any reference price to their customer. The zoo stated that they took down all price labels during the application of PWYW, also from their website. However, the zoo indicated the cost covering sum of 14.50€ per adult, which is higher than the regular entrance fee of 8€ per adult in the winter season.

Neck Attack also communicated a reference price through the seller. However, the amount was not disclosed to the author and is not clearly stated on the website.

Dasparkhotel indirectly passes on, if possible, that a price of 25€ per night would allow to maintain the service, but they are not allowed to reveal a reference price openly out of legal reasons.

In contrary, Der Wiener Deewan assumes that guests set the price autonomously and fair according to their satisfaction, the amount they have eaten and their financial means without indicating a reference price. In case people really have no idea what to pay, Der Wiener Deewan suggests that the take-away boxes for fixed prices can serve as an orientation. If they have the impression that some guest is exploiting their system to a high extend, they will try to communicate that the payment should be fair. They also aim to clear up potential misunderstandings by, for instance, telling that their 18 employees do not work at the company for free, but that they are salaried. Der Wiener Deewan also explains that they do not receive any financial support by the EU, as some guests think, but that they have to operate with what they are earning. According to their website their motto is: 'feed the needy, but don't get fed up!'

Lentil as Anything did not provide any reference price in the past, just about one year ago they hang up a poster with an indication and some guidance which

amount would cover their costs. This amount is \$12 for the wages, gas, electricity and the rent for the building. Only \$15 would offset all their expenses (c.f. Annex 12).

Consequently, four of these companies are communicating a reference price, namely the cost covering price. Der Wiener Deewan relinquishes on this as they believe people know the best which payment is fair.

As a third question the companies were asked whether the customers were requested to fill in an evaluation form. No firm is asking their purchasers to fill one in. In the zoo, visitors have the option to do so via the 'Wunschpreisformular' (= preferred price form), but not official surveys are done. The zoo then received mostly positive criticism. Lentil as Anything is sometimes doing surveys or questionnaires on a voluntary basis where they receive mixed reviews. Der Wiener Deewan does not run any evaluation as they have more than 500 guests every day, so there is no time to perform any evaluation. Additionally, they say that the price guests pay should assess their food and service. Hence, no evaluation would be needed.

3.3.2 Execution and implementation of PWYW

The next part of the interrogation coped with how PWYW was executed and implemented. First, the question companies were asked was when and for how long PWYW was applied and if they stopped the price model for some time. The zoo realized PWYW twice so far. All other organizations launched their business with this pricing instrument and did not stop to follow this concept.

The following question was where PWYW was adopted. The zoo tested this price model for entrance tickets, but not for the gastronomy within the zoo as it is rented externally. However, restaurant visitors in the zoo profited of certain discounts. Neck Attack is deploying PWYW for its bar massages as a promotion for their business massages. Dasparkhotel is implementing PWYW for overnight stays in order to legalize the hotel as it is located in a public park.

They do not provide any additional services like meals. Der Wiener Deewan is charging fixed prices for beverages, but guests can pay what they want for food, whereas Lentil as Anything is applying PWYW for its whole business out of social reasons.

To sum it up, the zoo, Neck Attack and Der Wiener Deewan are deploying PWYW just for some part of their product portfolio respectively services. In contrary, Lentil as Anything and Dasparkhotel run their whole business with PWYW.

Subsequently, the companies were asked which goal they pursued through implementing PWYW. For the zoo the main reason was to increase the amount of visitors during a time where normally only few people would come due to the unpleasant weather and Christmas markets. The objective for Neck Attack is to acquire new customers and to publicize the massage locally. In addition, Neck Attack tries to lower the barrier for customers to test their service. For Dasparkhotel the focus is on hospitality, but also to legalize the hotel. Der Wiener Deewan is carrying out PWYW because they believe that guests would know best how much the food was worth to them and pay accordingly. Lentil as Anything opted for that pricing strategy out of social reasons like social gathering where everyone can be part.

To summarize, two firms, the zoo and Neck Attack, followed the objective of acquiring new customers. Another two companies, Lentil as Anything and Dasparkhotel, pursued social goals and the other firm, Der Wiener Deewan, targeted different pricing goals.

Next, the organizations were asked how they executed the PWYW model. In the zoo, guests had to hand their 'Wunschpreisformular' to the cashier (= preferred price form, c.f. Annex 7 and 8) and then pay their preferred price at the counter before entering the zoo, so there was a personal interaction. People who already had an annual-ticket did not have to face additional costs. There were no complaints that someone felt disadvantaged.

Also for Neck Attack, there is a personal interaction, as people have to pay their preferred price to the masseur directly after the massage. At Der Wiener Deewan guests also have to come to the counter after their meal and then pay their price, again with personal interaction.

Opposed to this, guests of Dasparkhotel can just leave the money in the suits anonymously and customers of Lentil as Anything can put the money in one of several 'magic' boxes, so no one is watching or judging them for the amount they paid.

As mentioned above, three out of five companies based their concept on personal interaction through which customers tend to spend more money. The zoo was already thinking about letting the visitors pay before leaving the zoo. The idea behind this was that after seeing all the interesting animals and the pleasant interior of the park, guests tend to pay more as they had a nice experience in the zoo. However, they found out that there are no disadvantages in paying before entering. In case people want to pay an extra amount before leaving, the zoo placed donation boxes in front of the exit. Nonetheless, this only shows a very small success.

3.3.3 Comparisons before and after/during the application

After that, the companies should compare the situation before and after implementing PWYW or the trend during the application. As four of the firms already started their business with that price mechanism and pursue different objectives it is difficult to compare divergent situations.

The zoo stated that with the price instrument their amount of visitors significantly enhanced (c.f. Annex 10). In the years 2010 to 2012, 1448 to 2328 people came to the zoo, compared to 9404 in 2013 and 7671 in 2014 during the utilization period. Of course, the weather plays a huge role in this case, which explains the difference in the amount of guests between 2013 and 2014. However, the zoo said that the difference in the number of visitors between

2012 and 2013/14 highly depended on the PWYW promotion. Moreover, the zoo noted that during the application, more people who normally could not afford to pay the entrance fee came to the zoo. Frequently these groups are families which can be seen with the aid of the 'Wunschpreisformular' (=preferred price form). Nonetheless, the visitor profile did not change significantly. Additionally, approximately 74% of the visitors in 2013 came from Augsburg or the vicinity. Furthermore, the zoo pointed out that in 2013 84% and in 2014 74% of the visitors were informed about the PWYW promotion before coming to the zoo (so these were voluntary participants, c.f. chapter 2.5.2).

Dasparkhotel said that they had almost 100 overnight stays in the months June to October after opening up. Also Der Wiener Deewan explained that over the years their number of purchasers rose and in line with this their turnover, which may be partly explained by the aspect of word-of-mouth. Therefore, it can be shown that the implementation of PWYW enhances the amount of customers.

The companies were also asked to compare the price the customers paid under PWYW in comparison with the normal fee or reference price. The zoo explained that the PWYW payment was significantly lower than the normal entrance fee of 8€ and the indicated reference price of 14.50€ per adult. The average price paid in December 2013 was 4.21€ per adult, in 2014 this price declined to 4.10€. In addition, in 2013, six adults and two children paid an amount of zero (while justifying themselves), whereas in 2014 17 adults and eight children free-rode (without any justifications from their side). However, people were not judged if they paid a small price which appeared relatively scarcely.

For Neck Attack, the PWYW price and the regular price are quite similar and only seldom they have to face free-riders, this is similar for Dasparkhotel.

In contrast, Der Wiener Deewan and Lentil as Anything are regularly confronted with people who pay a price of zero or only a few cents because there are guests who come every day and many of them are in a difficult situation or even homeless.

Consequently, there are mixed responses in regard to free-riders. However, the average paid price by the customers is around 5€ for Der Wiener Deewan since 2005 compared to the price of the take-away-boxes for 5€ to 10€. Lentil as Anything claimed that guests who ate in restaurants in less economically developed places paid around \$5 to \$6 and in restaurants that are more lucrative, people paid around \$7 to \$8 in comparison to the reference price of \$12.

The zoo also disclosed the highest paid price. In 2013, it was 50€ for two persons and 2014 it was 100€ for two persons, the reason for this high payment is unknown. For Dasparkhotel this sum was 80€ and for Der Wiener Deewan it was 50€. Of course, these are extreme points of a Gaussian distribution. Usually people do not spend that much money.

After asking if the companies consider adjusting the regular price to the average PWYW payment, all companies responded that they do not think about adapting their prices in the near future.

3.3.4 Effects after the implementation of PWYW

The following questions concerned the effects on the companies after implementing PWYW respectively after starting to utilize it. First, they were asked how they would describe their turnover situation regarding PWYW retrospectively. The turnover of the zoo was almost four times as high as in the same period the years before (c.f. Annex 10). In 2012, it was approximately 11,000€, in 2013 it was around 40,000€ and in 2014 around 31,000€ due to a slightly lower average paid price and a lower amount of visitors.

Also Der Wiener Deewan stated that their turnover increased and that they can manage their business well with their turnover. In 2011, this amount was in total approximately 455,000€ (Der Wiener Deewan, <http://deewan.at/wp-content/uploads/2013/02/Deewan-KG-JA-2011.pdf>, 2015).

Lentil as Anything generates around \$3 million turnover. In some months Lentil as Anything is just managing to reach the break-even-point, but in the summer months they mostly yield some profits. These profits are utilized for the maintenance, opening up new restaurants, renovations and as a reserve for colder months. Lentil as Anything also added that the more guests come to their restaurant, the more profit they earn. To summarize, the turnover under PWYW increased for all the companies.

Next, the organizations were asked if PWYW was a success or a failure for them and if they would repeat PWYW in the same way retrospectively or if they would think about changing something for the future. The zoo declared that the model was a huge success for their organization. They are even planning to repeat this promotion in the end of 2015 the in same way. They will also use the same 'Wunschpreisformular' (=preferred price form) and a comparable number of employees.

The other companies would as well say that for them PWYW is a success. Der Wiener Deewan clearly expressed that the decision to only implement PWYW for the meals, was definitively right. Furthermore, food and drinks are taxed differently with 10% respectively 20%, so they have to separate these cost positions. Moreover, they do not intend to introduce an alcohol flat rate.

Lentil as Anything explains that for them it is more about social success, however, they claim that economically this model is also not unsuccessful. Indeed, one Lentil (restaurant) in Victoria and one in Melbourne failed due to solely little support and a lack of planning. Notwithstanding, Lentil as Anything is now planning to give more guidance to the people about what is a good amount to pay and articulate that they do not only want to feed the people, but also want to support people and give them more sense of belonging. Furthermore, they want to educate people better where the money goes and ask them to be as generous as possible. To sum it up, PWYW was a success for all the companies, any of them is planning to change anything on the model as a whole.

The last question concerned the recommendations they would provide to companies which are planning to implement PWYW. The zoo recommended that it is not advisable to apply PWYW too often because otherwise this model will lose its attraction. The zoo also proposed that PWYW is a good instrument to enhance the number of guests within the leisure industry. However, they could not provide any recommendations for organizations acting in other branches.

Neck Attack strongly suggested this price mechanism to other companies, but also stated that it is crucial to communicate the reference price. Dasparkhotel expressed that respect is a prominent aspect for this model and that a park hotel would be a good idea for every bigger city, municipality and commune. Der Wiener Deewan discouraged companies to implement PWYW if this is only a short-term promotion. Lentil as Anything hopes that in future PWYW is applied more frequently and also in other branches and areas because they think this concept makes a better world and makes people kind, trusting, generous and gives a sense of belonging.

Figure 5: Summary of the results of the interviews

	Zoo Augsburg	Neck Attack	Dasparkhotel	Der Wiener Deewan	Lentil as Anything
ads beforehand	no	no	no	no	no
reference price	yes, cost-covering	yes, cost-covering	yes, cost-covering	no	yes, cost-covering
evaluation	voluntarily	no	no	no	yes, irregularly
time of application	December 2013+2014	since founding	since founding	since founding	since founding
goal	↑ customers	↑ customers	social goals	pricing	social goals
mode of execution	personal interaction	personal interaction	anonymous	personal interaction	anonymous
rate of free-riders	very low	very low	low	low	low
success	yes	yes	yes	yes	yes (more socially)

Source: Own illustration

4. Factors influencing the success of PWYW

4.1 Product or service characteristics

Findings about PWYW indicate that certain product characteristics can significantly impact the success of PWYW. The factors of satisfaction, fairness and reference price influencing the final price are mainly related to the quality of a product and the service concerning this certain product or a service as such. Hence, products offered under PWYW conditions should be of good quality and have an excellent service standard (Biondi 2011). However, the price often serves as a value indicator of a product or a service, so customers may face problems in evaluating the product's or service's quality without a fixed price (Stürmer et al. 2014). Nonetheless, other behavior-theoretical aspects besides satisfaction, fairness and the reference price are altruism, price consciousness and income, as well as loyalty (Kim 2010).

It cannot be derived from the interviews done by the author, if the product or service of the surveyed firms was of good quality; however, most of the consumers reported that they were satisfied. Consequently, it may be assumed that the products and services offered, fulfilled a certain level of quality from the customers' point of view.

If purchasers are satisfied with a company's offerings, their fairness level will be positively impacted, meaning buyers are more willing to pay a fair price. An anchor was also provided by four of the five companies in form of the cost-covering price. This is highly advisable, as customers on the one hand receive some orientation on what price to pay and more notably, on the other hand, their fairness sentiment is influenced. Thus, buyers tend more to not fall below this price (Biondi 2011).

Entailing a personal, direct interaction, for instance between the seller and the buyer, is of major importance. The personal interaction triggers a positive effect on the willingness to pay of the customers, what can be proofed on the example of the restaurant Kish in Frankfurt or the payment for overnight stays in the NH-hotels. All of interrogated companies count on personal interaction because it

increases the willingness to pay as people do not want to lose their face or be blamed by the society (Biondi 2011). Lentil as Anything and Dasparkhotel forgo this factor due to social respectively legal reasons. Bateson, Nettle and Roberts (2006) discovered that even a photocopied pair of eyes which is fixed on a donation box raises the willingness to pay for, for instance, a cup of coffee as people feel observed. Furthermore, Krupka and Croson (2010) proofed that the willingness to donate will increase if the potential donors receive a letter which comprises a logo consisting of three circles, looking like a nose and two eyes.

It is recommended to utilize the internal reference price with products which are rambling known and bought frequently. The study of Gneezy et al. (2012) manifests that the PWYW price model can also be successful if no strong supplier-client-relation is existing. If the relationship between the vendor and the customer is distanced or completely decoupled like in the study with the rollercoaster photos, a combination of PWYW and donations or contributions to the community can aid to raise the total turnover and the turnover per unit (Biondi 2011). Lentil as Anything can be compared to this case, as this organization is acting out of social reasons respectively the community, namely to give people a sense of belonging.

Fernandez and Babu (2009) emphasize that product or service differentiation, meaning exclusivity of a certain product or service, is of high importance. They state that especially music and special food are perfectly suitable, but that with fuel PWYW would not work due to a lack of product differentiation. If a product or a service does not differentiate itself from the products or services of competitors, they can easily be substituted.

The aspect of product differentiation can be related to Dasparkhotel and Neck Attack, as these companies are offering an unconventional service, namely overnight stays in a canal pipe and mobile massages.

4.2 Distribution channels

Various examples show that the participative price mechanism works in the classical retail industry, in the gastronomy (c.f. Der Wiener Deewan, Lentil as Anything), on the internet, in the hotel industry (c.f. Dasparkhotel), in the service industry (c.f. Neck Attack) and also other sectors (c.f. leisure sector like the Zoo Augsburg). The case of the music album 'In Rainbows' by the band Radiohead demonstrates that PWYW can function on the internet. PWYW on the internet is successful due to the election of the internet as a distribution channel. Even though many customers of the music album paid a price of zero, selling the album was a success due to the advantage of economies of scale. Economies of scale especially become crucial when trading a digital product with the internet as a distribution channel (Biondi 2011).

4.3 Advertising- and price-political aspects

Sufficient advertisement in advance, before executing PWYW, is eminent in order to be successful with the participative price instrument. Two out of the three field experiments done by Kim, Natter and Spann (c.f. chapter 2.1) resulted in higher turnovers and a significant amount of new customers. Whereas the restaurant and the delicatessen advertised the promotion adequately, the multiplex cinema did not do any announcements except from the posters inside the cinema, which can be neglected in this case. The application of PWYW within a company attracts a score of new buyers due to the promise that they can pay what they like to without any risk, which represents a success determining factor. Notwithstanding, these new buyers will only be attained if the firm attempts to do sufficient and suitable advertising to publish the PWYW promotion (Biondi 2011).

However, none of the interviewed companies were advertising PWYW before implementing it. A reason to explain their success, even without marketing measures, might be that four of the organizations started their business with PWYW. As a consequence, the fact that a new company was opening up

compensated the advertising effects. The reason was that people were eager to get to know the new firm. Nonetheless, it cannot be reviewed if the firms would have been more successful with taking the suitable marketing measures in advance or not. The zoo heavily started advertising on the first day on the promotion, this might be an explanation why PWYW was that successful in their case.

In addition to the factor of marketing, the utilization of anchor prices for instance in form of price boards also makes sense because it helps the clients to set their price and provides information on the amount of production related costs. As a consequence, it activates the idea of fairness and prompts a higher willingness to pay among the customers. The willingness to pay a fair price, so that local companies can survive, is rooted in the minds of the population (Biondi 2011, c.f. chapter 4.1).

5. Prospect/ Summary

5.1 Reference to success factors of PWYW

In the subsequent section, the most critical success factors of the participative price mechanism PWYW are elaborated on. First of all, a product respectively a service should be of good quality, as well as the service related to the product. If the consumer is satisfied with a certain product or service, he tends to pay a higher price and will certainly repurchase.

Additionally, personal interaction between the merchant and the purchaser is considered eminent as this raises the buyers' willingness to pay. If no personal interaction exists, as this is the case on the internet, PWYW coupled with donations can increase the willingness to pay. On top of that, an internal and/or an external reference price respectively an anchor price, for example the cost-covering sum, should be provided as an orientation. As a consequence, factors like the customer's fairness can be influenced which triggers positive results on a buyer's willingness to pay and on the final paid payment by the consumer.

According to Fernandez and Babu (2009), product or service differentiation is of major relevance. If a product or a service is different from others and cannot easily be substituted, buyers' will be willing to pay a higher amount.

Additionally, PWYW can work perfectly on the internet, for which the success factors may be slightly different, as well as in other branches like gastronomy, hotel, leisure and service and the classical retail industry.

As the internet lacks personal interaction in contrary to the other mentioned branches, PWYW is profitable because the internet as a distribution channel gains significant importance and economies of scale can be attained, especially for digital products. Furthermore, various studies and experiments proofed that sufficient and suitable advertisement in advance, so before introducing the price model is critical as this attracts new customers and consequently increases a company's turnover. In addition to the above mentioned behavior-theoretical aspects of satisfaction, fairness and the reference price, also consumers'

altruism, their loyalty related to a seller and their price consciousness and income significantly impact the final payment, consequently the success of PWYW.

Nevertheless, before the mechanism can work successfully, customers' status quo bias have to be overcome, as they are accustomed to the conventional pricing mechanism. Consumers tend to avoid innovative price models due to greater cognitive effort and dissonances. Suggested prices may be a solution, but have to be used with caution as they influence the fairness perceptions.

5.2 Summary and ergonomic findings

In chapter two the author defines PWYW as an innovative participative price mechanism which gives the full price determination to the customer. Thereby, the seller has to accept every price between zero and indefinite. Additionally, three studies for the practical application of PWYW are provided. The first experiment deals with a lunch buffet in the restaurant Kish in Frankfurt in Germany. The second one copes with tickets in a multiplex cinema in the vicinity of Frankfurt and the last one elaborates on hot beverages in a delicatessen in Wiesbaden, a city close to Frankfurt. In general, almost no customer paid a price of zero or a really low price. The impact of PWYW on the restaurant and the delicatessen was positive, whereas the cinema made losses due to the application. Behavior-theoretical aspects as critical underlying success factors influencing the price under PWYW are discussed, namely fairness, altruism, loyalty, price consciousness and income, reference price and the purchaser's satisfaction. In this case the reference price is the most prominent factor. As a precondition, status quo bias from the customers, so sticking to the traditional pricing mechanism, will be discussed which need to be overcome in order to implement PWYW. Moreover, reasons why consumers pay non-zero prices under PWYW conditions, which can be explained through social norms, are elaborated on. The internal reference price constitutes the upper limit of prices in PWYW, whereas cost estimates form the lower limit.

Then, also some examples of companies respectively branches implementing the price model are given, for instance the internet (c.f. the album of the band Radiohead), the hotel industry (c.f. the overnight stays in Dasparkhotel), the gastronomy (c.f. Lentil as Anything, Der Wiener Deewan) and finally other branches (c.f. leisure industry like the Zoo Augsburg, service industry like Neck Attack). Hand in hand with this, short-term and long-term effects of PWYW are compared. On the one hand, short-term effects are an increasing number of purchases, the acquisition of new customers and the possibility to serve buyers which otherwise would be priced out of the market. On the other hand long-term effects are that the new customer base is diminished by the price-conscious purchasers over time and so called Cross-Selling-Effects. Still, some research has to be done on the long-term effects. Then, the impact of background emotions on the price impression is discussed. A positive background atmosphere enhances consumers' willingness to pay, so the final payment increases and vice versa. People's moods, in most cases the weather, serve as an explanation for short-term fluctuations. Next, the business-related rise in the value effects is elaborated on. These are the development of new customer groups, PWYW as an instrument in the price discovery process and PWYW induced cost savings, as measures for price differentiation do not have to be taken. Then, PWYW is compared with other participative price mechanisms like auctions, reverse auctions, exchange, negotiations and Name-Your-Own-Price (NYOP). In contrary to PWYW, the seller sets a minimum threshold price in NYOP.

Chapter three copes with the empirical study. It describes the used research tool, in this case the semi-structured interview and related data quality issues. The most crucial data quality issues are the reliability, generalizability and validity. As for semi-structured interviews, it is not guaranteed that other researchers would reveal similar information, the research may lack reliability. Concerns of generalizability might arise because the qualitative research is not representative due to the small sample. Validity questions if the researcher measured the right aspect, namely the characteristics that are of interest. Chapter three also deals with how the inquiries were conducted by the author

and shortly describes each company. The interview partners were the Zoo Augsburg, Neck Attack Stuttgart which is offering mobile massages, Dasparkhotel Ottensheim, a hotel consisting of canal pipes, Der Wiener Deewan, a Pakistani food restaurant and Lentil as Anything, not for profit community restaurants. Moreover, the most prominent factors of the interrogations are analyzed. It is difficult to compare all elements of the interviews, as the organizations are acting in divergent sectors and pursue different objectives while utilizing PWYW. However, it can be said that the price model is or was a success for all the companies and that they are going to continue with this concept. Four out of the five surveyed firms started their business with PWYW and all of the five companies did not do any advertisement before implementing PWYW.

In chapter four the author copes with the factors influencing the success of PWYW. Here the behavior-theoretical aspects, product characteristics, the selected distribution channels and the advertising- and price-political aspects are of major relevance.

5.3 Conclusion and guidance

It can be stated that PWYW is a price model which will gain more and more importance and which will be more appreciated in value in the next ten years. Different studies and experiments illustrated that this pricing mechanism will be successful if main success factors are carefully attended to. However, these aspects cannot be generalized, especially not for online companies. Additionally, it cannot be distinguished between success factors of a permanent application of PWYW and an application on a promotional basis. In times of globalization, where markets and tastes become more interconnected and grow together and rising competition, it will be even more crucial for organizations to have a strong marketing capability which can be defined through a solid pricing strategy. Pricing might even be the superior element in this case. Consequently, companies are in need to find an innovative pricing strategy to differentiate

themselves from their competitors. It can be said that PWYW is one of these instruments as it is unconventional and not that widespread or often applied yet. Probably, also Name-Your-Own-Price (NYOP) is a suitable instrument. This is especially true for firms with high variable costs, risk averse and online companies and organizations where the aspect of personal interaction between the consumer and the seller is lacking. NYOP also fits for products which are undervalued by the customers due to the ability to set a price-frame, namely a minimum and/or a maximum price-threshold. As a consequence, enterprises do not risk receiving prices below their break-even-point or any other margin set by the vendor.

Most probably, future studies will focus on how to impact the final payment by the consumer. Thus, these investigations will concentrate on the behavior-theoretical aspects like satisfaction related to the product, service or the company, but especially on the customer's reference price. Furthermore, scientists will cope with the internet as a distribution channel due to the growing importance of the internet and aspects like the long tail. The long tail describes that the marginal sales of products or revenues that in a classical enterprise environment, so bricks and mortar, may not be lucrative for instance due to lacking scale economies, uncertain time of turnover, immeasurable costs for inventory and/or distribution. In this case, the principle is that a huge amount of low demand products can spur a higher revenue than selling solely the best sellers (Chris Anderson 2006, <http://www.longtail.com/about.html>). Hence, the distribution channel internet can work for products like music (c.f. the example of the music album of Radiohead), especially under PWYW conditions.

Subsequent studies should deal with the reference price more in depth. As shown in the interviews done by the author, but also by experiments like the one with the cinema tickets, final payments under PWYW tend to be higher when providing a reference price or a cost-covering price like in the Zoo Augsburg and Lentil as Anything. One explanation, as mentioned above, could be that customers get familiar with the value of a product or service and consequently do not perceive the original regular prices to be unfair anymore.

Hence, most fees paid cluster around the reference price. Also the reference price either provided by the merchant or already embedded in the consumer's mind is probably the most prominent success factor of PWYW for companies. Particularly for the ones which face relatively high variable costs. Furthermore, investigations dealing with the impact of people's mood on the final paid price should be undertaken. It should also be researched, if PWYW is more successful on a promotional basis or if it is being applied permanently and if there are further or different factors to consider for the success of PWYW.

Appendix

Annex 1: Questions for the interviews	V
Annex 2: Interview with the Zoo Augsburg.....	VIII
Annex 3: Interview with Neck Attack Stuttgart.....	XVI
Annex 4: Interview with Dasparkhotel Ottensheim	XIX
Annex 5: Extra interview questions Der Wiener Deewan, Austria.....	XXI
Annex 6: Flyer PWYW Zoo Augsburg 2013.....	XXIV
Annex 7: Zoo Augsburg news release 2013 about PWYW promotion.....	XXV
Annex 8: Front page of 'Wunschpreisformular' Zoo Augsburg 2013.....	XXVI
Annex 9: Back page of 'Wunschpreisformular' Zoo Augsburg 2013	XXVII
Annex 10: Statistics PWYW Zoo Augsburg 2013/ 2014.....	XXVIII
Annex 11: Full size banner 1, Lentil as Anything	XXIX
Annex 12: Full size banner 2, Lentil as Anything	XXX

Annex 1: Questions for the interviews (but needed to be adapted to the certain company contexts)

1. Which preparations or preliminary considerations did you take before executing PWYW?

1.1 How, that means with which media and how long, did you advertise PWYW before implementing PWYW? If you did not advertise PWYW, why not resp. what did you do instead (to make this campaign more popular)?

1.2 How did you make the customers familiar with the regular price before implementing PWYW resp. was the customer already familiar with the regular price, so did he have a reference price? What was the (average) reference price? If you did not make the customer familiar with the reference price, why didn't you do so?

1.3 Did you kindly ask the customer to fill in a (voluntary and/or anonymous) evaluation form (e.g. reasons for a high/low paid price) or to share his opinion with you? If so, how did you implement this? If not, why didn't you do so?

2. How did you execute and implement PWYW?

2.1 When and for how long did you apply PWYW resp. when did you start applying PWYW and did you stop it for some time?

2.2 Where did you test PWYW (e.g. for the buffet lunch, drinks...)?

2.3 What was your goal for implementing PWYW in your company (e.g. acquiring new customers, information about the willingness to pay of customers/ pricing, enhancing popularity/awareness)?

2.4 How did you execute this model (e.g. normal payment to the cashier or to another person, anonymous through throwing the money into a box)?

3. Which comparisons can you make about the situation of your company before and after/ during the application of PWYW?

3.1 How did PWYW affect the number of customers/ your customer base (number of customers before and after/during PWYW, more young/ old persons, more families)?

3.2 How was the price that customers paid under PWYW compared to the normal price, did you face many free-riders (customers, who paid a price of 0)? Did you adjust your price to the average PWYW price afterwards or are you planning to do so in the future?

4. How would you describe the effects concerning your company after implementing PWYW resp. after starting to implement PWYW?

4.1 How would you describe your turnover situation concerning PWYW retrospectively?

4.2 Would you describe PWYW as a success or a failure and would you repeat PWYW the same way retrospectively? What would you do differently if you repeat this PWYW?

4.3 Which recommendations would you give to a company planning to implement PWYW?

Annex 2: Interview with the Zoo Augsburg

1. Welche Vorbereitungen oder Vorüberlegungen haben Sie vor Durchführung von PWYW getroffen? Was war Ihre Marketingstrategie für diese Aktion?

1.1 Wie, also mit welchen Medien und wie lange haben Sie PWYW vor dem Einsatz beworben? Wenn Sie PWYW nicht beworben haben, warum nicht bzw. was haben Sie stattdessen gemacht (um die Aktion bekannt zu machen)?

Wir haben diese Aktion nicht vorher beworben, sondern erst ab dem ersten Aktionstag. Der Hintergrund war, dass die Gefahr besteht, dass die Leute dann an der Kasse stehen und sagen, wir haben von dieser Aktion gehört und wir Ihnen dann mitteilen müssen, dass diese Aktion noch nicht gestartet wurde. Wir haben PWYW einmal 2013 und einmal 2014 eingesetzt und beide Male über Radiospots bei zwei verschiedenen lokalen Radiosendern beworben, 2014 für ca. 1 Woche und 2013 über den kompletten Aktionszeitraum. 2013 hatten wir zudem noch einen Sponsor, der unsere Aktion bayernweit bekannt machte. Wir haben zudem in bestimmten Medien Anzeigen gestartet, immer nach Möglichkeit kurz vor der Aktion. Außerdem haben wir bei einer Online-Zeitung Banner ab dem ersten Aktionstag geschaltet. 2013 gab es außerdem eine Woche lang Großflächenplakate und wir haben in beiden Jahren Flyer über städtische Einrichtungen verteilt. 2013 haben wir zusätzlich ein Mailing an Schulen und Kindergärten verschickt. Insgesamt haben wir 2013 im Vergleich zu 2014 mehr Werbung geschaltet, damit unsere Aktion überhaupt bekannt wurde und um die Aktion an sich zu erklären. 2014 war unser Ziel, den Leuten klar zu machen, dass wir diese Aktion wiederholen, die Aktion an sich war dann bereits bekannt. Nach der Aktion 2013 haben wir auch noch eine Pressemitteilung veröffentlicht, die besagte, dass unsere Aktion ein voller Erfolg war.

1.2 Wie haben Sie den Kunden vor Einsatz von PWYW mit dem eigentlichen Preis bekannt gemacht bzw. war der Kunde sich über den eigentlichen Preis im Klaren, hatte er also einen Referenzpreis? Was war der (durchschnittliche) Referenzpreis? Wenn Sie dem Kunden keinen Referenzpreis mitgeteilt haben, warum haben Sie auf diesen verzichtet?

In beiden Jahren haben wir den Preis komplett abgehängt, da der Zoo Münster 2012 das erste Mal die Aktion PWYW eingeführt hatte und eine Studie in Zusammenarbeit mit einer Universität ergab, dass die Menschen am meisten geben, wenn man den kostendeckenden Preis kommuniziert. Wir haben daraufhin nur den kostendeckenden Preis, bei uns im Zoo Augsburg 14,50€ pro erwachsene Person, also Kosten, die der Zoo abdecken muss, wenn er sich ausschließlich durch Einnahmen finanzieren würde, mitgeteilt. Dieser Preis ist um einiges höher als der normale Eintrittspreis. Auch von unserer Homepage haben wir die Preise komplett herausgenommen. Der durchschnittlich gezahlte Preis im Aktionszeitraum betrug 2013 4,21€ pro Person und 2014 sank dieser Preis auf 4,10€ pro Person, was bei PWYW allerdings nicht ungewöhnlich ist, wenn man diese wiederholt. Man sieht aber im Vergleich mit den Jahren vor der Aktion, dass dies ganz unterschiedlich sein kann, weil der Preis auch davon abhängt wie viele Personen kommen bzw. 2010/2011 war der Preis noch relativ niedrig, da wir zu diesem Zeitpunkt noch keine Preiserhöhung vorgenommen hatten. Die Preiserhöhung kam dann erst 2012/2013, deshalb sind zu diesen zwei Zeitpunkten die Preise unterschiedlich. Man sieht aber, dass die Einnahmen insgesamt deutlich gestiegen sind und wir fast vier Mal höhere Einnahmen im Aktionszeitraum verbuchen konnten, auch wenn der Durchschnittspreis leicht gesunken ist.

1.3 Haben Sie den Kunden gebeten eine (freiwillige und/oder anonyme) Evaluation auszufüllen (z.B. Gründe für einen niedrigen/hohen gezahlten Preis) oder Ihnen seine Meinung mitzuteilen? Wenn ja, wie haben Sie dies umgesetzt? Wenn nein, warum haben Sie darauf verzichtet?

Die Kunden mussten unser Wunschpreisformular ausfüllen, an der Kasse abgeben und den Betrag, den sie in das Formular eingetragen haben, bezahlen, um in den Zoo zu kommen. Über das Anmerkungsfeld auf dem Wunschpreisformular haben wir viele positive Rückmeldungen zu unserer Aktion bekommen, z.B. tolle Aktion, super Idee, wir wären sonst nicht gekommen, wir kommen wieder, wir unterstützen den Zoo gerne. Es gab natürlich auch Personen, die angaben, dass sie sonst die Preise für eine Familie zu teuer finden, aber diese Anmerkungen waren eher die Ausnahme.

2. Wie haben Sie Pay-What-You-Want durchgeführt und umgesetzt?

2.1 Wann und wie lange haben Sie PWYW eingesetzt?

Im Jahr 2013 haben wir PWYW vom 9.- 24 Dezember eingesetzt und im Jahr 2014 die komplette Adventszeit, also von 1.- 24. Dezember. Der Zeitraum war dadurch begründet, dass während dieser Zeit viele Leute auf Christmärkten sind und schlechtes Wetter ist und deshalb deutlich weniger Besucher im Zoo sind. 2013 hatten wir den Aktionszeitraum leicht verkürzt, da wir noch nicht die nötige Erfahrung hatten und es personell nicht anders möglich war, die Aktion umzusetzen.

2.2 Wo haben Sie PWYW getestet (z.B. Kasse für Eintritt, Imbiss, etc.)?

Wir haben dieses Modell nur an der Eintrittskasse umgesetzt, da die Gastronomie in unserem Zoo extern gepachtet ist. In der Zoogaststätte gab es aber bestimmte Vergünstigungen.

2.3 Was war Ihr Ziel als Sie PWYW in Ihrem Unternehmen eingesetzt haben (z.B. Neukundengewinnung, Informationen über die Zahlungsbereitschaft der Kunden/ Preisfindung, Steigerung der Bekanntheit/ Aufmerksamkeit)?

Unser Hauptziel war die Besucherzahl in der Adventszeit zu steigern. Dies bezieht sich auch auf Personen, die bereits unseren Zoo besucht haben. Natürlich wird die Bekanntheit unseres Zoos im gleichen Moment gesteigert.

2.4 Wie haben Sie dieses Modell umgesetzt (z.B. normales Bezahlen an der Kasse, anonym durch Einwerfen des Geldes in ein Gefäß)?

Die Besucher mussten ihr Wunschpreisformular an der Kasse abgeben und ihren Wunschpreis an der Kasse bezahlen, es gab also auch eine personelle Interaktion. Besucher, die bereits eine Jahreskarte oder eine Freikarte besaßen, hatten natürlich nicht mit zusätzlichen Kosten zu rechnen. Es gab auch kaum Beschwerden, dass sich diese Leute benachteiligt fühlen würden.

3. Welche Vergleiche kann man zu der Situation Ihres Unternehmens vor und nach PWYW ziehen?

3.1 Wie hat sich PWYW auf Ihre Kundenzahl/ -bild ausgewirkt (Kundenzahl vor und nach der Aktion, mehr junge/ältere Kunden, mehr Familien...)?

Das Kundenbild hat sich nicht wirklich verändert. Es waren zwar, sichtbar am Anmerkungsfeld des Wunschpreisformulars, mehr Menschen in unserem Zoo, die sonst vielleicht nicht genügend Mittel haben, um sich einen Zoobesuch zu leisten, welche häufig Familien sind. Aber an sich ist das Kundenbild vor und nach der Aktion sehr ähnlich. Eine genaue Auswertung dieses Aspektes liegt uns allerdings nicht vor. Im Großen und Ganzen ist die Kundenzahl während der Aktion gestiegen. 2013 hatten wir 9404 und 2014 7671 Besucher während des Aktionszeitraums, während in den Jahren 2010 bis 2012 1448- 2328 Besucher in unseren Zoo kamen. Allerdings muss man hier beachten, dass das Wetter sich in hohem Maße auf die Besucherzahl auswirkt. 2012 war ein sehr warmer Winter, weshalb wir in diesem Jahr mehr Besucher verzeichnen konnten als in den Jahren zuvor. Man kann aber sicherlich sagen, dass die Steigerung Besucherzahl in den Jahren 2013 und 2014 nicht nur auf das Wetter zurückzuführen ist. Die Differenz in der Besucherzahl zwischen den Jahren 2013 und 2014 geht mit dem schlechten Wetter 2013 einher. PWYW hat also eine enorme Steigerung der Kundenzahl bewirkt. Unsere PLZ- Auswertung ergab, dass 2013 ca. 62% der Besucher aus dem Stadt- und Landkreis Augsburg kamen und etwa 12% aus dem Landkreis Aichach-Friedberg. Nur etwa 26% der Besucher kamen aus anderen Orten. Die Auswertung für 2014 liegt uns noch nicht vor. Außerdem ist festzustellen, dass 2013 84% der Menschen und 2014 74% der Besucher von der PWYW Aktion wussten.

3.2 Wie verhielt sich der Preis, der unter PWYW gezahlt wurde im Vergleich zum normalen Preis, gab es viele Free-Riders (Kunden, die einen Preis von 0€ zahlten)? Haben Sie Ihre Preise im Nachhinein an den durchschnittlich gezahlten PWYW Preis angepasst?

Der Preis der unter PWYW gezahlt wurde, ist niedriger als der normale Eintrittspreis. 2013 haben wir insgesamt 4 Formulare (6 Erwachsene und 2 Kinder) mit einem Preis von 0€ erhalten. Drei Mal

wurde auch eine Rechtfertigung abgegeben. 2014 gab es insgesamt 12 Formulare (17 Erwachsene und 8 Kinder) mit einem Preis von 0€, diesmal haben wir aber kaum Rechtfertigungen erhalten. Wir haben oft erlebt, dass die Menschen, die wenig zahlen, sich vor dem Kassenspersonal rechtfertigen. Allerdings hatte man eher das Gefühl, dass diese Menschen sich vor sich selbst rechtfertigen als vor uns. Uns war es trotzdem ein Anliegen, dass Personen, die wenig oder 0€ zahlten, genauso behandelt wurden wie Menschen, die einen hohen Preis zahlten. Uns liegt auch die Auswertung des höchsten Einzelpreises vor. 2013 betrug er 25€ für eine Person (zwei Personen zahlten zusammen 50€) und 2014 betrug dieser 50€ pro Person (zwei Personen zusammen 100€). Für uns kam es nicht in Frage unseren regulären Preis an den unter PWYW gezahlten Preis anzupassen, da die Zeit, in der wir PWYW durchgeführt haben, eine besucherschwache Zeit ist. Gerade im Frühling und Sommer haben wir immer hohe Besucherzahlen, die Besucherzahl ist also nicht rückläufig. Letztes Jahr zum Beispiel war unser Rekordjahr mit über 600.000 Besuchern. Das heißt die Menschen kommen in unseren Zoo und sind auch bereit die normalen Preise zu bezahlen. Es gibt also keinen Grund unsere Preise anzupassen.

4. Wie würden Sie die Auswirkungen nach Einsatz von PWYW auf Ihr Unternehmen beschreiben?

4.1 Wie würden Sie Ihre Umsatzsituation rückblickend auf die Aktion beschreiben?

Unser Umsatz ist insgesamt in dem Aktionszeitraum gestiegen. 2012 betrug dieser z.B. knapp 11.000€, in den Aktionswochen 2013 ca. 40.000€ und 2014 etwa 31.000€. Es ist wichtig immer nur dem Umsatz genau auf diesen Zeitraum bezogen zu sehen, da man

Dezember nicht mit Juni vergleichen kann im Zoo, eben wegen des Wetters.

4.2 Würden Sie im Nachhinein betrachtet die Aktion als Erfolg oder Misserfolg beschreiben und würden Sie solch eine Aktion im selben Rahmen wiederholen? Was würden Sie bei nochmaligem Einsatz anders machen?

Für uns waren die beiden Aktionen durchaus ein Erfolg. Wir sind auch am Überlegen, ob wir 2015 für den gleichen Zeitraum, also die Adventszeit, wieder eine PWYW Aktion starten. Da es sich hier eben um den klassischen Zeitraum handelt, in dem man nach einer Maßnahme sucht, um die Besucherzahl zu steigern, ist PWYW eine gut geeignete Maßnahme. Wir haben nicht vor an der Aktion selbst etwas zu ändern, wir werden nur die Daten angleichen. Der Ablauf und das Formular werden gleich bleiben. Auch die Zahl der Mitarbeiter wird gleich bleiben wie 2014, da wir mit unserem Personal in dieser Zeit gut ausgekommen sind, 2013 hatten wir etwas zu viel Personal. Die Überlegung beim Verlassen des Zoos zu zahlen hatten wir bereits, allerdings ist das Kassenpersonal sowieso anwesend, deshalb wäre es ungeschickt das Kassenpersonal alleine einfach sitzen zu lassen. Es hat sich bei uns eben auch gezeigt, dass es keine Nachteile mit sich bringt, wenn die Leute bei Betreten des Zoos den Preis bezahlen. Es wäre natürlich auch interessant zu wissen, was die Menschen bei Verlassen des Zoos zahlen würden. Wir haben aber für diesen Fall eine Spendenbox am Zoo-Ausgang. Auch das Personal weißt bei Eintritt in den Zoo darauf hin, dass man die Möglichkeit hat, im Nachhinein zu spenden, wenn man das möchte. Unsere Erfahrung zeigte aber, dass dies nur sehr geringen Erfolg zeigte.

4.3 Welche Empfehlungen würden Sie einem Unternehmen geben, welches PWYW einführen möchte?

Eine Empfehlung wäre, dass man PWYW nicht zu oft einsetzt, da es sonst seinen Reiz verliert. Bei uns im Zoo bietet sich aber die Adventszeit aufgrund der geringen Besucherzahl gut an. Für andere Branchen kann ich in diese Richtung keine Empfehlung geben, jede Branche sollte das Modell selbst testen. Insgesamt ist PWYW in der Freizeitbranche eine gute Maßnahme die Besucherzahl zu steigern.

Interview with Mrs. Tina John, Marketing/PR Zoo Augsburg

Annex 3: Interview with Neck Attack Stuttgart

1. Welche Vorbereitungen oder Vorüberlegungen haben Sie vor Durchführung von PWYW getroffen? Was war Ihre Marketingstrategie?

1.1 Wie, also mit welchen Medien und wie lange haben Sie PWYW vor dem Einsatz beworben? Wenn Sie PWYW nicht beworben haben, warum nicht bzw. was haben Sie stattdessen gemacht (um die Aktion bekannt zu machen)?

Wir haben auf trial and error und den persönlichen Verkauf gesetzt und vorher keine Werbung gemacht.

1.2 Wie haben Sie den Kunden vor Einsatz von PWYW mit dem eigentlichen Preis bekannt gemacht bzw. war der Kunde sich über den eigentlichen Preis im Klaren, hatte er also einen Referenzpreis? Was war der (durchschnittliche) Referenzpreis? Wenn Sie dem Kunden keinen Referenzpreis mitgeteilt haben, warum haben Sie auf diesen verzichtet?

Ja, wir haben dem Kunden einen Referenzpreis genannt, durch den Verkäufer.

1.3 Bitten Sie den Kunden im Nachhinein eine (freiwillige und/oder anonyme) Evaluation auszufüllen (z.B. Gründe für einen niedrigen/hohen gezahlten Preis) oder Ihnen seine Meinung mitzuteilen? Wenn ja, wie setzen Sie dies um? Wenn nein, warum verzichten Sie darauf?

Durch den direkten Verkauf bleibt das nicht aus und wir führen ab und zu Statistiken.

2. Wie haben Sie Pay-What-You-Want durchgeführt und umgesetzt?

2.1 Seit wann setzen Sie PWYW ein? Gab es Unterbrechungen beim Einsatz von PWYW? Wenn ja, warum?

Wir setzten das System seit 2004 ein ohne Unterbrechung.

2.2 Für welche Bereiche (z.B. Massageprodukte, bestimmte Massagen) und zu welchen Tages-/Uhr-/Jahreszeiten (immer oder nur zu bestimmten Uhrzeiten, in bestimmten Monaten...) setzen Sie PWYW ein?

Wir setzten das System bei unseren Barmassagen ein, eine Art Promo für unsere Business Massagen. Unsere Barmasseure arbeiten auf Trinkgeldbasis. Ganzjährig von Mo-So von 20:00-24:00 Uhr

2.3 Was ist Ihr Ziel beim Einsatz von PWYW in Ihrem Unternehmen (z.B. Neukundengewinnung, Informationen über die Zahlungsbereitschaft der Kunden/ Preisfindung, Steigerung der Bekanntheit/ Aufmerksamkeit, Umsatzsteigerung)?

Unser Ziel ist es Neukunden zu gewinnen und die Massage vor Ort bekannt zu machen. Außerdem die Barrieren des Kunden zu senken, den Service auszuprobieren.

2.4 Wie haben Sie dieses Modell umgesetzt (z.B. normales Bezahlen an der Kasse/ an das Kassenpersonal oder die dienstleistende Person, anonym durch Einwerfen des Geldes in ein Gefäß)?

Die Gäste bezahlen unsere Masseure direkt nach der Massage.

3. Welche Vergleiche kann man zu der Situation Ihres Unternehmens vor Einsatz von PWYW und jetzt ziehen?

3.1 Wie hat sich PWYW auf Ihre Kundenzahl/ -bild ausgewirkt (Kundenzahl vor PWYW und aktuell, mehr junge/ältere Kunden, mehr Kunden aus unteren/höheren Einkommensschichten...)?

Wir haben seit Unternehmensstart mit diesem System angefangen.

3.2 Wie verhält sich der Preis, der unter PWYW gezahlt wird im Vergleich zum normalen Preis für Ihre Dienstleistung (falls nicht zutreffend, der Preis vor Einsatz von PWYW oder der Preis der von anderen Unternehmen für eine ähnliche Dienstleistung verlangt wird), gibt es viele Free-Riders (Kunden, die einen Preis von 0€ zahlen)? Haben Sie Ihre Preise- falls zutreffend- im Nachhinein an den durchschnittlich gezahlten PWYW Preis angepasst oder würden überlegen Sie das zu tun?

Der PPKWYW und der „normale Preis“ sind sehr ähnlich. Free Riders kommen fast nie vor.

4. Wie würden Sie die Auswirkungen jetzt, nach Einführung von PWYW, auf Ihr Unternehmen beschreiben?

4.1 Stellt PWYW für Ihr Unternehmen einen Erfolg auf ganzer Linie dar? Würden Sie PWYW rückblickend eventuell anders umsetzen? Planen Sie PWYW auch weiterhin in Ihrem Unternehmen einzusetzen?

PWYW ist für uns ein voller Erfolg, wir werden es auch weiterhin unseren Kunden anbieten.

4.2 Welche Empfehlungen würden Sie einem Unternehmen geben, welches PWYW einführen möchte?

Unbedingt probieren :) Aber den Referenzpreis nicht vergessen!

Interview with Panja Trixner, key account manager of Neck Attack Stuttgart

Annex 4: Interview with Dasparkhotel Ottensheim

Das dasparkhotel steht in Ottensheim und ist nicht kommerziell. Im Grunde genommen wurde PWYW eingeführt, um das Hotel zu legalisieren, da es in einem der Gemeinde gehörenden Park steht. In Linz neben dem Brucknerhaus verlief ein Erstversuch recht erfolgreich, man wollte es aber mit etwas weniger Druck weiter entwickeln. Im Fokus steht die Gastfreundschaft, die man den Gästen, die aus aller Welt und aus verschiedenen Gründen ins Hotel kommen, entgegenbringen will. Es soll ein anonymer Rückzugsort sein, an dem sich die Leute wohl, geborgen, unabhängig und frei fühlen. Man bucht das Hotel online, über die hoteleigene Website und bekommt dann einen Zugangscode zugesendet, mit dem man Zugang zum Hotel bekommt während der Dauer des Aufenthalts. Der Code wechselt nach jedem Aufenthalt. Dasparkhotel gibt es nun seit dem Jahr 2004 und seitdem wird es auch unter PWYW- Konditionen betrieben und wird voraussichtlich auch genauso weiterbestehen. In den Monaten Juni bis Oktober nach Eröffnung, gab es bereits mehr als 100 Übernachtungen. Ein Referenzpreis darf den Gästen „eigentlich“ nicht mitgeteilt werden, jedoch wird indirekt, wenn möglich, kommuniziert, dass etwa 25€ pro Nacht es dem Team ermöglichen würden den Service auch in Zukunft aufrecht zu erhalten. Es gibt dann natürlich auch Leute, die z.B. nur 3€ bezahlen, aber auch Menschen, die 80€ bezahlen. Die Gäste bezahlen, indem sie den von ihnen gewünschten Betrag einfach in den Suiten liegen lassen. Dieses wird dann z.B. für Renovierungen verwendet. Dasparkhotel hat vor Eröffnung, also vor Einsatz von PWYW, keine Werbung gemacht, jetzt erhält das Hotel sehr viele Presseanfragen und wird breit publiziert (z.B. durch die New York Times, Galileo, National Geographic; SZ, Die Zeit ...). Gäste finden das Hotel toll und lassen neben Geld auch öfter z.B. kleine Geschenke dort. Die Gäste werden nicht gebeten nach ihrem Aufenthalt ein Formular oder einen Fragebogen auszufüllen, um ihren Aufenthalt zu bewerten. Es wird geplant die Kanalaröhren des dasparkhotels nun eventuell zu versteigern und dann ein neues Volumen mit identischem Betriebssystem zu errichten, in anderer Form, aber auch unter PWYW-Konditionen. Zuletzt äußerte Herr Strauss, dass Respekt ein wichtiger Aspekt dieses Modells ist und dass dasparkhotel eine

gute Idee für jede größere Stadt, Gemeinde; Kommune oder zumindest mittelgroße Institution sein könnte bzw sollte.

Interview with Andreas Strauss (Dasparkhotel Ottensheim) on the 28th of March 2015 via phone.

Annex 5: Extra interview questions Der Wiener Deewan, Austria

1. Haben Sie Pay as you wish zu irgendeinem Zeitpunkt beworben? Wenn ja, wann und wie lange und mit welchen Medien?

Wir haben auf unserer Fassade seit 2005 die Aufschrift "ALLYOUCANEAT – PAYASYOUWISH", siehe Foto. Eine Zeitlang gab es anfangs auch die Aufschrift "*kostet ... was ihr wollt!*" auf dem Fenster, vgl <http://deewan.at/essen-fur-alle>

Auf unseren A6-Flyern, unserem einzigen "Werbemittel", das wir seit Beginn bei uns aufliegen haben, wird die Preispolitik nicht explizit erwähnt. Es steht dort lediglich "pakistani food" und "essen für alle". Aktuelle Flyer vgl. <http://deewan.at/deelinks>.

Es gab allerdings von Anfang an ein großes Medienecho, das sich sehr stark auf die Preispolitik fokussiert hat.

Der Rest ist Mundpropaganda.

2. Sie haben Ihren Gästen also nie irgendeinen Referenzpreis mitgeteilt (also z.B. Ihren kostendeckenden Preis oder den Preis, den Konkurrenten für ähnliche Speisen verlangen)?

Wir gehen davon aus, dass unsere Gäste ihren Preis für ihr Essen selbständig und fair festlegen, nach den Parametern Menge, Zufriedenheit und Liquidität. Das kann bei Gästen, die zum ersten Mal bei uns sind, an der Kassa schon mehrmals hin- und hergehen, wenn die Gäste etwa darauf bestehen, dass wir ihnen den Preis sagen sollen und anfangen zu schildern, was sie alles gegessen haben ... Darauf antworten wir dann z.B. "ok – und wieviel ist das in Euro?" Wenn sie gar nicht mehr weiterwissen, verweisen wir sie auf unsere Take-Away-Boxen, die fixe Preise haben, vgl. <http://deewan.at/buffet-take->

away-catering und als Orientierung dienen können – Lammfleisch kostet mehr als Linsen, 1kg kostet mehr als 500g usw.

Wenn wir das Gefühl haben, dass Leute das System allzusehr ausnutzen, versuchen wir zu kommunizieren, dass der Preis fair sein sollte und versuchen etwaige Missverständnisse auszuräumen. Zb. dass unsere derzeit 18 MitarbeiterInnen hier nicht ehrenamtlich arbeiten, sondern fix angestellt sind. Oder dass wir keine "EU-Förderungen" bekommen, wie ein Gast mal meinte, sondern mit dem wirtschaften müssen, was hier an der Kassa gezahlt wird.

Wir hatten keinen "Referenzpreis" im Kopf, an dem wir uns orientieren hätten können. Wir haben beide 0 betriebswirtschaftliche Erfahrung und von "BusinessPlan" oder "Kostenrechnung" kennen wir die Existenz des Wortes. Wir haben einfach nie mehr ausgegeben, als hereingekommen ist, dabei aber stetig in neue Geräte, bzw. Verbesserungen investiert. Wir haben nach 5 Jahren (2010) begonnen, uns beiden als Geschäftsführer ein regelmäßiges Gehalt (je 1000 €) auszuzahlen. Wir sind keine "Kalkulierer".

3. Bitten Sie die Gäste nach ihrem Besuch eine Evaluation auszufüllen?

Nein. Wir haben durchschnittlich 500 Gäste pro Tag, da sind wir schon froh, wenn wir mit dem Tische-Abwischen nachkommen. Die Evaluierung sollte sich ja eben in dem Preis niederschlagen, den die Gäste wählen.

4. Ist Ihnen der bisher am höchsten bzw. am niedrigsten gezahlte Preis bekannt?

Es gibt regelmäßig ein paar Gäste, die gar nicht zahlen, oder ein paar Cent (Rosenverkäufer, wohnungslose Menschen, Bettler, Sonstige, ...). Am oberen Ende des Spektrums gab es einmal (ca. 2006) einen Gast, der eine Schlange von "Schotterzahlern" beobachtet hat und dann 50 € für sein Essen (und das seiner Vorzahler ..) bezahlt hat. Das ist natürlich nicht repräsentativ, sondern

quasi Extrempunkte einer Gauß'schen Normalverteilung, vgl. zB die Studie ***How Free Is Your Lunch? Evidence from an "Eat-what-you-want-pay-as-you-wish" restaurant*** by Gerhard Riener, Dept. of Economics, University of Essex, UK, 2008

Der Schnitt ist seit 2005 gleichbleibend (liegt um die 5 €), die Anzahl der Gäste und folglich auch der Umsatz sind aber gestiegen.

5. Würden Sie, wenn Sie Ihr Restaurant erst jetzt eröffnen würden, irgendetwas an der Pay what you wish Aktion ändern (also sie z.B. auch für Getränke einführen oder mehr bewerben, etc)?

Die Zweiteilung, PAYW für das Buffet und Fixpreise bei den Getränken, war sicher richtig. Außerdem werden Essen und Getränke ja unterschiedlich versteuert (10% für Essen, 20% für Getränke), müssen also schon aus steuerlichen Gründen getrennt abgerechnet werden. Außerdem wäre es nicht in unserem Sinne, eine alkoholische Flatrate einzuführen, das ist nicht unser Schwerpunkt.

Die Entscheidung *für* PAYW bedeutet gleichzeitig eine Entscheidung *gegen* zB eine Spezialisierung auf ausschließlich Bio-Produkte.

6. Gibt es Empfehlungen/ Tipps, die Sie einem Unternehmen geben würden, vor Einführung von Pay as you wish?

Wenn PAYW für Sie nicht mehr als eine "Marketingaktion" darstellt, lassen Sie die Finger davon!

Annex 6: Flyer PWYW Zoo Augsburg 2013



Annex 7: Zoo Augsburg news release 2013 about PWYW promotion



Zoo-Aktion „Zahl doch, was Du wirklich willst“ war ein voller Erfolg

Vom 9. bis 24. Dezember durften die Besucher den Eintrittspreis für den Zoo Augsburg selber festlegen. Nun steht das genaue Ergebnis fest:

Die Besucherzahl hat sich im Vergleich zum Vorjahr mehr als vervierfacht!

Insgesamt 9404 Personen (2012: 2328 Besucher) nahmen an der Aktion teil und haben durchschnittlich 4,21 Euro für den Eintritt gezahlt! Auch wenn der durchschnittliche Erlös niedriger ausfiel als mit den „üblichen“ Eintrittspreisen ist die Aktion ein finanzieller Erfolg. Durch die Aktion kamen nahezu 4mal höhere Einnahmen als im Vorjahreszeitraum zustande!

Die Eintrittspreise, die die Besucher bezahlten waren sehr unterschiedlich und lagen zwischen 0 Euro (nur sehr wenige) und 25 Euro pro Besucher, die meisten Besucher wählten einen Preis von 5 Euro pro Person.

Über 74% der Besucher kamen aus der direkten Umgebung Augsburgs (Augsburg Stadt und Land sowie Landkreis Aichach-Friedberg, wobei die meisten Besucher direkt aus Augsburg kamen (43%).

Viele Besucher gaben an, dass sie ohne die Aktion nicht in den Zoo gekommen wären. So ist es auch nicht überraschend, dass 84% der Zoobesucher von der Aktion wussten.

Die Reaktionen der Zoobesucher waren durchweg positiv: „Tolle Aktion!“, „Gute Idee, wären sonst nicht gekommen.“, „Klasse Idee!“, „Wir kommen wieder“, „Wir unterstützen den Zoo gerne!“,...

Der Zoo Augsburg spricht von einem vollen Erfolg der Aktion. „Es freut uns, dass die Aktion so gut angekommen ist und sich für den Zoo auch finanziell gelohnt hat“, sagt Zoodirektorin Frau Dr. Jantschke.

Annex 8: Front page of 'Wunschpreisformular' (preferred price form) Zoo Augsburg 2013

**Zahl doch,
was Du willst!**



Nur vom 9. bis 24. Dezember 2013

**Die tierisch verrückte Aktion
im Zoo Augsburg**

Bestimmen Sie Ihren Eintritt selbst!

Zwischen dem 9. Dezember und Heiligabend bestimmen Sie selber den Eintrittspreis für Ihren Zoobesuch. Egal ob allein, als Paar oder als Gruppe, ob einen ganzen Tag oder nur eine Stunde, Sie entscheiden selbst, welchen Eintrittspreis Sie zahlen möchten. Einfach das Wunschpreis-Formular auf der Rückseite ausfüllen, an der Zookasse abgeben und bezahlen.

Wir freuen uns auf Sie!

ZOO
AUGSBURG

Annex 9: Back page 'Wunschpreisformular' (preferred price form) Zoo Augsburg 2013

Zahl doch, was Du willst!

Nur vom 9. bis 24. Dezember 2013

Das Angebot gilt nur für den Kauf von Tageskarten.
Der Kauf von Jahreskarten und Familiensparkarten
sowie Gutscheinen ist von der Aktion ausgeschlossen.
Der Zoo hat von 9 bis 16:30 Uhr geöffnet,
letzter Einlass ist um 15:30 Uhr!
Die Tierhäuser schliessen um 16:15 Uhr.

Wir freuen uns auf Ihren Besuch!

Wunschpreis-Formular

Mit wieviel Personen gehen Sie in den Zoo?

Anzahl Erwachsene

Anzahl Kinder

Anzahl Hunde

Was möchten Sie für den Zoobesuch zahlen?

€ (Kostendeckender Preis:
14,50 Euro für Erwachsene)

Woher kommen Sie?

PLZ

Anmerkungen:

www.zup-gmbh.de

Annex 10: Statistics PWYW Zoo Augsburg 2013/ 2014

Übersicht

Besucherzahl	2014	2013	2012	2011	2010
Gesamt	7671	9404	2328	1448	1728
plus Jahreskarten		2170	1381	808	578

Im Vergleich zum Vorjahr das 4-fache an Besuchern!

Einnahmen	2014	2013	2012	2011	2010
Gesamt	31.462,63 €	39.610,35 €	10.921,00 €	6.296,00 €	6.417,00 €
Durchschnittspreis	4,10 €	4,21 €	4,69 €	4,35 €	3,71 €

Einzelpreise

2014

höchster Einzelpreis	50,00 €	(2 Personen zusammen 100 Euro)
niedrigster Einzelpreis	0,00 €	12 Formulare (17 Erw. und 8 Kinder); kaum Rechtfertigungen

2013

höchster Einzelpreis	25,00 €	(2 Personen zusammen 50 Euro)
niedrigster Einzelpreis	0,00 €	4 Formulare (6 Erwachsenen und 2 Kindern); 3 x

PLZ-Auswertung

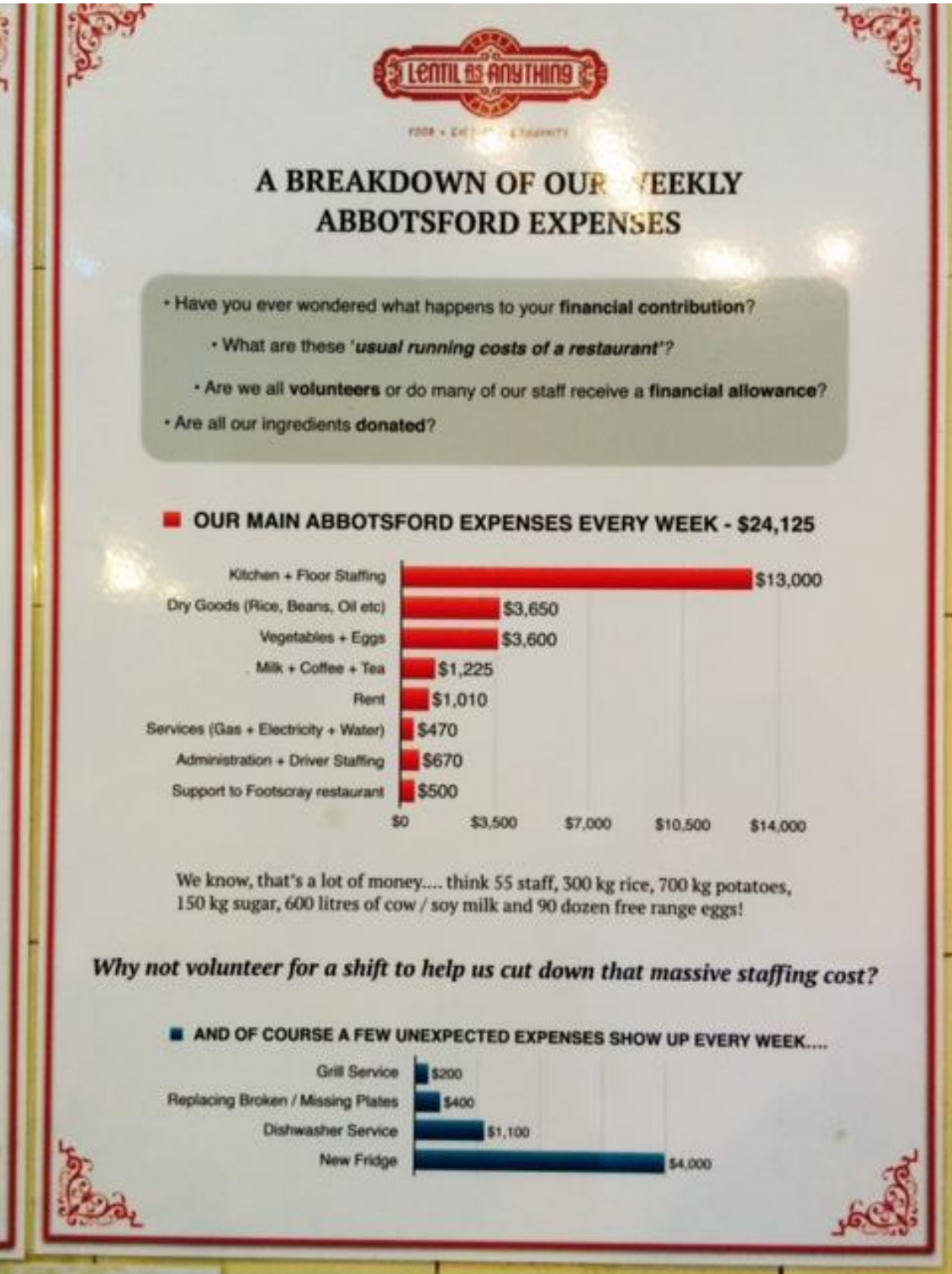
	2014	2013
Augsburg (Stadt)		43,18%
Augsburg (Land)		19,28%
LK Aichach-Friedberg		11,61%
		<u>74,07%</u>

Bekanntheit

	2014	2013
wussten von der Aktion	74%	84%
wussten nichts von d. Aktion	26%	16%

sehr viele ohne Angabe (272 Stück)

Annex 11: Full size banner 1, Lentil as Anything



Annex 12: Full size banner 2, Lentil as Anything

Lentil as Anything
FOOD • CULTURE • COMMUNITY

HOW MUCH SHOULD I CONTRIBUTE?

Did you know that the money you contribute is our **sole source of income**?

We receive **no external funding**, buy the majority of our ingredients and have all the **usual running costs of a restaurant**.

\$5 or under This doesn't cover the cost of your meal but we have many other ways you can contribute...
What about volunteering for a shift to help cover the rest?

\$12 Your meal is covered, and with your contribution we can also pay our **wages** and running costs such as **gas, electricity and rent**
But we still have many other overheads such as **equipment servicing**, administrative fees, **maintenance**, and delivery and vehicle costs
Are you an artist, musician or handy-person? We have an endless list of projects we need help with

\$15 We made it! All our expenses are covered.
Lentil can continue to smoothly run for years to come!

But you know what we say "Everybody deserves a place at the table"

\$20.. - Offer someone who can't afford it a **place at the table** by paying for their meal
\$30.. - Help an **asylum seeker** find their feet in a new country and find a new chance in life
\$50... - Offer the disadvantaged and **long-term unemployed** a community, valuable training, experience and a job

Thank you so much for your contribution....
No matter what form it takes.

Bibliography

- Adams, JS. (1965) Inequity in social exchange, *Advances in experimental social psychology, Issue 2*, 267-299
- Anderson, Chris (2006), internet source, <http://www.longtail.com/about.html>, (05/12/2015)
- Azar, Ofer H. (2007), The social norm of tipping: a review, *Journal of Applied Social Psychology*, 37(2), 380-402
- Bateson, Melissa, Nettle, Daniel, Roberts, Gilberts (2006), Cues of being watched enhance cooperation in a real-world setting, *Biology Letters, Volume 2*, 412-414
- Heyman, James, Ariely, Dan (2004), Effort for payment: A tale of two markets, *Psychological Science*, 15(11), 787-793
- Biondi, Stefano (2011), Pay what you want- Zahle was du willst: Einsatzmöglichkeiten und Erfolgsanalyse
- Bodvarsson, Örn B., Gibson, William A. (1997), Economics and restaurant gratuities: Determining the tip rates, *The American Journal of Economics and Sociology, Issue 56*, 187-204
- Borck, Rainald, Frank, Björn, Robledo, Julio R. (2006), internet source, An empirical analysis of voluntary payments for information goods in the internet, *Information Economics and Policy, Issue 18*, 229-239
http://webcache.googleusercontent.com/search?q=cache:_W3sOmN9aqoJ:www.researchgate.net/profile/Bjoern_Frank/publication/222709238_An_empirical_analysis_of_voluntary_payments_for_information_goods_on_the_Internet/links/0912f50d1b408745c8000000.pdf+&cd=3&hl=en&ct=clnk , (04/23/2015)
- Chernev, Alexander (2004), Goal orientation and preference for the status quo, *Journal of Consumer Research*, 31(3), 557-565
- Conlin, Michael, Lynn, Michael, O'Donoghue, Ted (2003), internet source, The norm of restaurant tipping, *Journal of Economic Behavior & Organization, Vol. 52*, 297-321,
<https://www.msu.edu/~conlinmi/JEBO2003.pdf> , (04/23/2015)
- Dasparkhotel Ottensheim, internet source <http://www.dasparkhotel.net/> , (03/28/2015)

- Der Wiener Deewan, internet source, <http://deewan.at/wp-content/uploads/2013/02/Deewan-KG-JA-2011.pdf>, <http://deewan.at/essen-fur-alle>, <http://deewan.at/d1-d1>, (04/24/2015)
- Fernandez, Jose, Nahata, Babu (2009), Pay what you like, *Munich Personal REPEc Archive, Paper Nr. 16265*, 1-35
- Friemel, Kerstin (2006), internet source, Wie es euch gefällt, *McK Wissen, Issue 18*, 44-49, http://www.brandeins.de/uploads/tx_b4/mck_18_08_Wie_es_euch_gefaellt.pdf, (04/23/2015)
- Gautier, Pieter A., Van der Klaauw, Bas (2012), internet source, Selection in a field experiment with voluntary participation, *Journal of Applied Econometrics*, 27(1), 63-84, <http://personal.vu.nl/b.vander.klaauw/hotel.pdf>, (04/23/2015)
- Gneezy, Avelet, Gneezy, Uri, Riener, Gerhard, Nelson, Leif D. (2012), internet source, Pay-what-you-want, identity, and self-signaling in markets, *Proceedings of the National Academy of Sciences*, 109(19), <http://www.pnas.org/content/109/19/7236.full>, (02/24/2015)
- Homburg, Christian, Koschate, Nicole, Hoyer, Wayne D. (2005), Do satisfied customers really pay more? A study of the relationship between customer satisfaction and willingness to pay, *Journal of Marketing*, 69(2), 84-96
- Investopedia LLC., <http://www.investopedia.com/terms/c/cross-sell.asp>, (03/21/2015)
- Johnson, Jennifer, Peng Cui, Annie (2013), To influence or not to influence: External reference price strategies in pay-what-you-want, *Journal of Business Research*, 66(2), 275-281, New York
- Kahneman, Daniel, Knetsch, Jack L., Thaler, Richard H. (1991), Anomalies: The endowment effect, loss aversion and status quo bias, *Journal of Economic Perspective*, 5(1), 193-206
- Kalyanaram, Gurumurthy, Winer, Russell S. (1995), internet source, *Marketing science*, 14(3), 161-169, http://www.gkalyan.com/Uploads/Documents/GK_MarkSci1995a.pdf, (04/23/2015)

- Kim, Ju-Young, Natter, Martin, Spann, Martin (2009), Pay What You Want: A New Participative Pricing Mechanism, *Journal of Marketing*, 73(1), 44-58, Chicago
- Kim, Ju-Young, Natter, Martin, Spann, Martin (2010), Pay what you want: relevance and consumer behavior, *Zeitschrift für Betriebswirtschaft. Special issue Wiesbaden*, 147-169
- Kim, Ju-Young, Kaufmann, Katharina, Stegemann, Manuel (2014), The impact of buyer-seller relationships and reference prices on the effectiveness of the pay what you want pricing mechanism, *Marketing letters*, 25(4), 409-423, Dordrecht a.o.
- Krishna, Aradhna (1991), Effect of dealing patterns on consumer perceptions of deal frequency and willingness to pay, *Journal of Marketing Research*, Issue 28, 441-451
- Krupka, Erin, Croson, Rachel (2010), Somebody's watching: The impact of being observed on cooperation in a field setting, University of Texas at Dallas
- Lentil as Anything, internet source, <http://lentilasanything.com/about/>, (04/22/2015)
- Lichtenstein, Donald R., Ridgway, Nancy M., Netemeyer, Richard G. (1993), Price perceptions and consumer shopping behavior: a field study, *Journal of Marketing Research*, Issue 30, 235
- Luce, Mary Frances (1998), Choosing to avoid: Coping with negatively emotion-laden consumer decisions, *Journal of Consumer Research*, 24(4), 409-433
- Lynn, Michael, McCall, Michael (2000), Gratitude and gratuity: A meta-analysis of research on the service-tipping relationship, 4-43
- Machado, Fernando, Sinha, Rajiv K. (2012), internet source: The Viability of Pay What You Want Pricing, *Management Science*, <http://ebape.fgv.br/sites/ebape.fgv.br/files/Working-Paper-Fernando-Machado-Viability-of-Pay-What-you-Want-Pricing.pdf> (03/24/15)
- Marshall, Catherine, Rossman, Gretchen B. (2006), Designing qualitative research, 4th edition, Thousand Oaks
- Mazumdar, Tridib, Raj, S.P., Sinha, Indrajit (2005), internet source, *Journal of Marketing*, Vol. 69, 84-102,

<http://bear.warrington.ufl.edu/weitz/mar7786/articles/reference%20price%20review.pdf> , (04/23/2015)

Monroe, Kent B. (1990), Pricing: Making profitable decisions, McGraw-Hill, 502 pages

Northcraft, Gregory B., Neale, Margaret A. (1987), internet source, Experts, Amateurs and Real Estate: An Anchoring-and-Adjustment perspective on property pricing decisions, *Organizational Behavior and Human Decision Processes*, Issue 39, 84-97,

http://webcache.googleusercontent.com/search?q=cache:A2Ki3RVjzc0J:www.researchgate.net/profile/Margaret_Neale/publication/223114058_Experts_amateurs_and_real_estate_An_anchoring-and-adjustment_perspective_on_property_pricing_decisions/links/0046351818a320723e000000.pdf+&cd=2&hl=en&ct=clnk , (04/23/2015)

Rabin, Matthew (1993), Incorporating fairness into game theory and economics, *American Economic Review*, 83(5), 1281-1302

Riener, Gerhard, Traxler, Christian (2012), Norms, moods, and free launch: Longitudinal evidence on payments from a Pay-What-You-Want restaurant, *The journal of socio-economics*, 41(4), 476-483, Amsterdam a.o.

Samuelson, William, Zeckhauser, Richard (1988), Status quo bias in decision making, *Journal of Risk and Uncertainty*, 1(1), 7-59

Saunders, Mark, Lewis, Philip, Thornhill, Adrian (2012), Research methods for business students, 6th edition, Pearson Education Limited

Schons, Laura, Rese, Mario, Wieseke, Jan, Rasmussen, Wiebke, Weber, Daniel, Strotmann, Wolf-Christian (2014), There is nothing permanent except change: analyzing individual price dynamics in “pay-what-you-want” situations, *Marketing letters*. 25(1), 25-36, Dordrecht a.o.

Schwendemann, Silke Jeanette (2010), Pay what you want? Forschungsstand zu dem Pricing – Instrument und Implikationen für die Praxis

Sinha, Indrajit, Batra, Rajeev (1999), The Effect of Consumer Price Consciousness on Private Label Purchase, *International Journal of Research in Marketing*, 16(3), 237-251

Stürmer, Ralf, Schmidt, Jennifer (2014), Erfolgreiches Marketing durch Emotionsforschung: Messung, Analyse, Best Practice, 1. Auflage, Haufe Gruppe, Freiburg, München

Traindl, Arndt (2007), Neuromarketing. Die innovative Visualisierung von Emotionen, 3. Auflage, Trauner Verlag

Zoo Augsburg, internet source, <http://www.zoo-augsburg.de/> , (03/21/2015)

Statutory declaration

I declare that I have written the enclosed bachelor thesis completely by myself and have not used sources without declaration in the text. Any thoughts from others or literal quotations are clearly marked. The bachelor thesis was not used in the same or in a similar version to achieve an academic grading or is being published elsewhere.

Marina Fürst

Hof, 05/13/2015