Does a Dollar Get You a Dollar’s Worth of Merchandise? The Impact of Power Distance Belief on Price-Quality Judgments

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The role of cultural factors in influencing price perceptions is not understood well in the literature. The present research seeks to fill this gap by examining the link between power distance belief—the acceptance and endorsement of power disparities in society—and the tendency to use the price of a product to judge its quality, the underlying processes, and boundary conditions. Three studies show that consumers high (vs. low) in power distance belief have a greater tendency to use price to judge quality because they have a greater need for structure, which makes them more likely to discriminate between brands and rank them based on price. The relationships held regardless of whether the price-to-quality relation was assessed using a standard self-report scale or via actual product judgments, and whether power distance belief was measured or manipulated. The effect was found to be independent of self-construal, holistic thinking, and risk aversion, was mediated by a need for structure, and disappeared when the tendency to order was facilitated (impeded) by making price more (less) salient. Theoretical implications are discussed.

Keywords: culture, pricing, price-quality judgments, power distance belief, need for structure

Consumers frequently need to estimate product quality under conditions of imperfect knowledge about attributes. In such situations, a common tendency is to use a product’s price to infer its quality (i.e., to make price-quality judgments; Cronley et al. 2005; Kardes et al. 2004a, 2004b). Considerable research attests to this tendency and has explored conditions that facilitate or hinder it (Monroe 2003). Much of the early research in this area focused on whether people use price as an indicator of quality (Rao and Monroe 1989). Subsequent research explored when people made price-quality judgments (Dodds, Monroe, and Grewal [1991] focused on extrinsic cues; Rao and Monroe [1988] focused on prior knowledge) and the implications of this tendency in various situations (Shiv, Carmon, and Ariely 2005; Suri and Monroe 2003). Most recently, research in this area has examined how consumers’ processing tendencies and beliefs affect the tendency to make price-quality inferences (Bornemann and Homburg 2011; Lalwani and Shavitt 2013; Yan and Sengupta 2011).

The existing literature has, however, devoted limited attention to the role played by culture and values in the use of price as a quality heuristic. In the current research, we attempt to redress this gap and add to recent work examining the role of consumers’ information-processing tendencies by investigating the effect of an important but relatively underexplored cultural dimension, namely power distance belief.
distance belief—the extent to which people accept and endorse hierarchy and inequality in society. We also explore the underlying mechanisms and conditions that enhance or mitigate the relation between power distance belief and price-quality judgments.

Can power distance belief influence price-quality judgments and, if so, how and why? We propose that consumers high (vs. low) in power distance belief have a greater need for structure, which in turn increases their tendency to associate price with product quality. Specifically, we suggest that, because of their focus on hierarchy and inequality, people high (vs. low) in power distance belief are more concerned about structure as it relates to a variety of aspects of their lives, from mentally organizing people based on status to the arrangement of physical objects, workplace behaviors, and the extent to which they organize their schedules (Hofstede 2001; Holman 1981; Marcus and Gould 2000). In turn, the need for structure leads people to discriminate between brands and focus on price to rank the brands, and hence to be more likely to ascribe higher quality to higher priced brands. Our findings also suggest that enhancing the salience of price increases low, but not high, power distance belief individuals’ tendency to make price-quality judgments. In contrast, reducing the salience of price lowers high, but not low, power distance belief individuals’ tendency. Further, these differences cannot be accounted for by an interdependent self-construal, holistic thinking, or risk aversion. Three studies using a variety of operationalizations of power distance belief and price-quality judgments provide converging and robust support for these relations.

The issues we address have a number of theoretical implications for the cross-cultural, price perceptions, and need for structure literatures. By examining the role of power distance belief, we bring a fresh perspective to the cross-cultural literature, which is dominated by the individualism–collectivism dimension (Shavitt et al. 2006a, 2006b). Our research is also the first to bring power distance belief to the pricing literature. In addition, we advance theory by showing that the path from power distance belief to price-quality judgments runs through need for structure. Furthermore, we identify contextual moderators that shed novel insights on the boundary conditions for price-quality judgments. Next, we elaborate our predictions and present the studies, followed by a discussion of the implications of our findings.

POWER DISTANCE BELief AND PRICE-QUALITY JUDGMENTS

Power distance belief reflects the degree to which individuals accept and endorse hierarchy and inequalities in power (Hofstede 1984, 2001). Although inequalities in power exist within all societies, some are more accepting of hierarchy than others (Oyserman 2006). High power distance belief cultures include Malaysia, Mexico, and India; whereas those low in power distance belief include Austria, Denmark, and Holland (Hofstede 2001). Recent research suggests that power distance belief is a psychological state that can also be studied at the individual level as well as via priming procedures (Zhang, Winterich, and Mittal 2010). The use of multiple operationalizations of power distance belief enables researchers to provide converging evidence, which increases confidence in its causal role. Although power distance was the first cultural dimension identified by Hofstede (1980), researchers have only recently begun to examine systematically its influence on consumer behavior (Winterich and Zhang 2014; Zhang et al. 2010).

At the country level, there is evidence that cultures differing on power distance belief also differ in the tendency to see price as related to quality (Huddleston and Good 1998; Jo and Sarigollu 2007; Zhou, Su, and Bao 2002). For instance, Japanese consumers (who are high in power distance belief) compared to Australians (who are low in power distance belief; Hofstede 1980) have been shown to have a greater tendency to rely on price to judge quality (Jo and Sarigollu 2007). However, these studies do not offer theoretical explanations for the relation between power distance belief and price-quality judgments. In the studies just cited, the relation could result from other cultural differences that are confounded with power distance beliefs, such as risk aversion, long-term (vs. short-term) focus, or a tendency to be more prevention (vs. promotion) oriented. Furthermore, the studies do not shed light on the underlying mechanisms or boundary conditions of the relationship. Moreover, the countries examined in these studies (e.g., Japan and Australia) also differ on interdependence, which is another important determinant of price-quality judgments (Lalwani and Shavitt 2013). A clearer conceptualization of the processes at work will allow us to predict whether and when consumers differ in their tendency to make price-quality judgments. As we discuss next, the differences between high and low power distance belief contexts lead to varying degrees of need for structure, which can directly influence the tendency to use price to judge quality.

Power Distance Belief and Need for Structure

A fundamental tenet of high power distance belief cultures and contexts is a need for structure—the desire for clarity and order, and the avoidance of ambiguity and gray areas (Carl, Javidan, and Gupta 2004; Hofstede 2001; Thompson et al. 2001). Indeed, the drive for structure leads hierarchical societies to dictate specific roles for individuals. Whether a person holds a superior or subordinate position, rules and expectations dictate how he or she should behave (Biggart and Hamilton 1984). Thus people at both the top and bottom of the social hierarchy benefit from the reduction of uncertainty and randomness in social
interactions (Friesen et al. 2014). Carl et al. (2004, 559) conclude that, in high power distance belief cultures, “the stable distribution of power is expected to bring order to the society and to allow unambiguous allocation of roles and rigid structure of relationships.”

The greater need for structure among people high (vs. low) in power distance belief also extends to nonsocial domains (Carl et al. 2004; Su et al. 1999). For example, a content analysis revealed that institutional Web sites in high power distance belief cultures like Malaysia tend to be more structured and orderly than those in low power distance belief cultures like the Netherlands (Marcus and Gould 2000). As another example, in high power distance belief cultures, physical spaces such as office buildings are structured and clearly demarcated to separate subordinates from superiors. In contrast, low power distance belief cultures are more likely to use open-concept floor plans that allow superiors and subordinates to mingle (Tan and Chong 2003).

Research also points to an association between preference for hierarchy and a need for structure. People who endorse hierarchy—regardless of whether they are at the high or low end of the hierarchy—value order and organization (Leavitt 2003; Magee and Galinsky 2008). Similarly, Friesen et al. (2014) showed that hierarchies enhance the utility of structure and order, compared to less hierarchical environments. In one study, Friesen et al. asked participants to rate how a variety of words and phrases relate to both hierarchy and equality. Results indicated that hierarchy (vs. equality) elicited greater structure, stability, coordination, predictability, and order. In another study, Friesen et al. found that individuals with a greater need for hierarchy had a higher need for structure. Similarly, Ji, Peng, and Nisbett (2000) showed participants one of two arbitrary figures on the left side of a computer screen (e.g., a schematic light bulb) and one of two other arbitrary figures on the right side (e.g., a pointing finger). Results suggested that Chinese participants, who have a higher power distance belief, estimated a significantly higher degree of covariation between the figures than did Americans, who have a lower power distance belief, thus creating structure in the random assortment of figures.

It is important to note that, although previous research does not conclusively pinpoint the direction of the relationship between power distance belief and need for order, we believe that power distance belief influences need for order, and not the reverse. Indeed, power distance belief is a cultural variable, whereas need for structure is a motivational variable. For example, as noted earlier, a commonly accepted operationalization of power distance belief (one we use in study 2) is nationality. It is easier to conceptualize that people in high (vs. low) power distance belief countries (e.g., India vs. the United States) have a higher need for structure than to assume that people who have a higher need for structure chose to live in high (vs. low) power distance belief countries. Previous research confirms that culture affects motivation (instead of motivation affecting culture; Lalwani 2009; Lalwani and Shavitt 2009; Lalwani, Shavitt, and Johnson 2006; Lalwani, Shrum, and Chiu 2009). For example, the Japanese culture’s emphasis on interdependent behavior by individuals creates one set of influences upon motivation while the US culture’s emphasis on independent behavior creates a different set of influences upon motivations (Markus and Kitayama 1991; Oyserman and Lee 2008). Similarly, research suggests that cultural differences often arise in response to the natural resources present in a particular area, such as the cultures of honor noted in regions where shepherding livestock is the primary means of economic survival (Cohen et al. 1996). These cultures motivate violent responses to even trivial insults in order to discourage those who might steal livestock or encroach on grazing lands (Cohen et al. 1996). Can the relationship between power distance belief and need for structure influence the tendency to make price-quality judgments? We address this issue next.

Power Distance Belief, Need for Structure, and Price-Quality Judgments

We posit that consumers high (vs. low) in power distance belief are more likely to make price-quality judgments because of a greater need for structure (i.e., a mediation hypothesis; figure 1). The validity of this hypothesis depends on the proposed relation between need for structure and price-quality judgments. Although to our knowledge no prior research has examined this relation, we propose that these variables are related for several theoretical reasons.

Research suggests that people higher (vs. lower) in need for structure are most comfortable when a natural structure exists; if it does not, they strive to bring one about (Thompson et al. 2001), for instance, by selectively seeing structure in their environments (Kay et al. 2014). They also perceive imaginary patterns, such as false correlations and images in random configurations of black-and-white dots (Whitson and Galinsky 2008). Hence consumers with a greater need for structure may be more motivated to mentally discriminate among brands and to segregate the brands to order or rank them. Since price is one of the most important alignable attributes that enables a quick and direct comparison between brands (Best 2012; Monroe 2003), higher (vs. lower) need for structure consumers may be more likely to find price salient and use it to differentiate between brands and to arrange them in a pecking order. Thereafter, when these consumers estimate brand quality, they may be more likely to use price to infer brand quality, even if only subconsciously (Adaval and Monroe 2002). In contrast, consumers lower in need for structure have a lesser need to arrange brands in a methodical fashion or to understand the position of a brand in an array. As a result,
they are less likely to focus on dissimilarities between brands and may view the quality of high- and low-priced brands as insignificantly different, leading to a lesser tendency to make price-quality judgments.

Research also suggests that consumers higher (vs. lower) in need for structure strive to order the world into a less complex and more manageable form. Their overarching objective is the creation and use of simplified cognitive structures—such as schemas, heuristics, prototypes, and scripts—to conserve cognitive resources (Moskowitz 1993; Neuberg and Newsom 1993; Thompson et al. 2001). This may make them more likely to use heuristics such as the price-quality schema. Indeed, a primary reason consumers use product price to infer quality is to conserve cognitive resources (Rao 2005) or as a shortcut due to limited knowledge about the product category (Rao and Monroe 1988).

The drive to use simple cognitive structures also leads people higher (vs. lower) in need for structure to categorize information using two dimensions rather than three (Schaller et al. 1995). Thus they overlook situational forces driving a behavior in favor of dispositional factors (Schaller et al. 1995), such as concluding that a brand’s low price is due to inferior quality (a dispositional factor) rather than competitive forces in the market (a situational factor). Price and quality represent two dimensions with which to categorize information, and thus higher (vs. lower) need for structure consumers may be more likely to employ such categorization methods. People higher (vs. lower) in need for structure also generate fewer alternative hypotheses (Mayseless and Kruglanski 1987), which may lead them to overly fixate on price, rather than search for other drivers of quality.

Furthermore, one of the most robust findings associated with individuals higher (vs. lower) in need for structure is that they are more likely to engage in stereotyping—the oversimplified tendency to categorize targets and view them not as distinct objects, but instead as members of a group about which generalized knowledge is already possessed (Kaplan, Wanshula, and Zanna 1993; Moskowitz 1993; Naccarato 1989; Neuberg and Newsom 1993; Pilkington and Lydon 1997; Schaller et al. 1995). One way to stereotype products is to categorize them based on price (e.g., high or low). Once the categories are formed, cognitive consistency should lead consumers to ascribe relatively higher quality to the high-priced group and lower quality to the low-priced group. Hence we propose:

**H1:** Power distance belief is positively associated with the tendency to make price-quality judgments.

**H2:** The relationship between power distance belief and price-quality judgments is mediated by need for structure.

**Factors That Strengthen or Weaken the Tendency to Order**

We also examine factors that enhance or diminish the relationship between power distance belief and price-quality judgments to better understand the role of need for structure as the underlying mechanism. As Thompson et al. (2001) note, the need for structure is a primary and fundamental human goal because structure provides meaning to the world. “Without structuring [stimuli in the environment] into coherent units that provide meaning, the world would be experienced as chaos. This is a disturbing and unsettling state that people are motivated to avoid/reduce” (19). Thus all humans—including high and low power distance belief individuals—are motivated to reduce randomness and chaos in their surroundings, leading them to prefer structure and order (Cutright 2012), although high power distance belief individuals are more motivated to do so as it brings order to society and allows unambiguous allocation of roles and rigid structure of relationships (Carl et al. 2004). Although several factors impact the need for structure, we focus on price salience, which serves as a boundary condition on our effects for reasons noted presently.

We propose that individuals higher (vs. lower) in need for structure are inherently more likely to find price salient because these individuals need cues to structure objects. Indeed, price is more easily structured compared to other nonnumeric forms of information, because numerical prices are readily organized from smallest to largest. In

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**FIGURE 1**

THE IMPACT OF POWER DISTANCE BELIEF ON PRICE-QUALITY JUDGMENTS

- Power distance belief (independent variable)
- Salience of price (Study 3)
- Need for structure (mediator) (Study 2)
- Price-quality judgments (dependent variable)
contrast, low power distance belief individuals have a lesser need to organize information and hence are less likely to find price salient.

Furthermore, it is more difficult to rank objects using nonnumeric information (e.g., product attributes), especially if the attributes are nonalignable (Best 2012, Monroe 2003). Thus when price is salient, product ordering is facilitated, leading to a greater tendency to make price-quality judgments. When other attributes are more salient, ordering is impeded because price information is less readily apparent.

We therefore predicted that when price salience is enhanced, low power distance belief participants—who have a lower baseline tendency to order and have scope for increase—would be more likely to notice product price and they would find it easier to organize product information, leading to a greater tendency to make price-quality judgments, compared to unchanged price salience levels. However, because high power distance belief individuals’ tendency to make price-quality judgments is already elevated, there is less scope of increasing it further (i.e., a ceiling effect). Hence when price salience is enhanced, high power distance belief individuals should exhibit little change in price-quality judgments, compared to unchanged price salience levels.

Along similar lines, we predicted that when the salience of price is reduced, high power distance belief individuals—whose baseline tendency to order brands is high and has greater scope for decrease—would be less likely to notice product price and would find it more difficult to organize the product information, leading to lower price-quality judgments, compared to unchanged price salience levels. Indeed, high power distance belief individuals are motivated to order things, but they are less able to do so when price salience is reduced because they are forced to rely on another attribute, instead of price. In other words, when price salience is reduced (compared to unchanged price salience levels), high power distance belief individuals’ ability to rely on price is constrained, and we thus expected their tendency to make price-quality judgments to decrease. However, because low power distance belief individuals’ already have a low tendency to make price-quality judgments, it is difficult to decrease it further (floor effect). Hence we expected their price-quality judgments to be unchanged when price salience is reduced, compared to unchanged price salience levels. When neither price nor a nonprice attribute was made salient (i.e., when price salience was unchanged), we expected that high, but not low, power distance belief individuals would make price-quality judgments, consistent with hypothesis 1. Formally,

H3a: When price salience price is enhanced, the price-quality judgments of low power distance belief individuals will be elevated (compared to a condition in which price salience is unchanged), whereas those of high power belief distance individuals will be unaffected (again, compared to a condition in which price salience is unchanged).

H3b: When price salience is reduced, the price-quality judgments of high power distance belief individuals will be decreased (compared to a condition in which price salience is unchanged), whereas those of low power distance belief individuals will be unaffected (again, compared to a condition in which price salience is unchanged).

Alternative Explanations

To show unequivocally that the relationship between power distance belief and price-quality judgments is driven by need for structure, we considered it necessary to examine several alternative explanations for our findings. First, power distance belief has been shown to be associated with interdependence at the country level (Hofstede 2001), which in turn can drive price-quality judgments (Lalwani and Shavitt 2013). Although there are ample theoretical reasons to believe that the effects of power distance belief are unique from those of interdependence (as explained in the General Discussion section), we considered it prudent to ascertain the role of interdependence empirically. Because previous research demonstrates no relation between independence and price-quality judgments (Lalwani and Shavitt 2013), we primarily focused on ruling out interdependence as a rival explanation. Second, self-construal differences in price-quality judgments arise due to differences in holistic thinking (Lalwani and Shavitt 2013). Thus we ascertained whether power distance belief and self-construal act via the same or different mechanisms by testing the role of holistic thinking. Third, research shows that power distance belief increases risk aversion (Hofstede 1983), which can increase the tendency to infer quality from price (Zhou et al. 2002). Thus it could be argued that power distance belief may influence price-quality judgments due to risk aversion, rather than need for structure, an explanation we also seek to exclude.

Overview of Studies

A multimethod approach was used to assess reliability and generalizability across three studies. Price-quality judgments were assessed via a self-reported scale, evaluations of brands varying in price, and correlations between price and perceived quality ratings of several brands. Power distance belief was either measured or manipulated. Study 1 provided initial evidence of the relationship between power distance belief and price-quality judgments using real brands, and it also orthogonally manipulated power distance belief and self-construal to show that their effects are independent. Study 2 shed light on the mediating role of need for structure and extended the findings to the cross-national domain.
Study 3 explored boundary conditions. We examined the relationship at three levels of the moderator (instead of the more commonly used two levels) to provide a richer exposition and to test our theory more rigorously. Study 3 revealed that enhancing price salience makes low power distance belief individuals more likely to make price-quality judgments (compared to a condition in which price salience is unchanged), but it does not affect high power distance belief individuals’ price-quality judgments (again compared to the unchanged condition). Reducing price salience lowered high power distance belief individuals’ tendency to make price-quality judgments (compared to the unchanged condition) but did not affect low power distance belief individuals’ tendency (again compared to the unchanged condition). Two additional studies provide evidence of the relationship between power distance belief and price-quality judgments using self-reports (study 4; online appendix 1) and evaluations of real brands (study 5; online appendix 2). We also ruled out the role of interdependence (studies 1, 3, 4 [online appendix 1], 5 [online appendix 2]), holistic thinking (study 2), and risk aversion (study 4 [online appendix 1]).

STUDY 1: THE ROLE OF POWER DISTANCE BELIEF

The first study was designed to test the relation between power distance belief and price-quality judgments (hypothesis 1). Further, we tested whether power distance belief and self-construal act independently on price-quality judgments by manipulating both variables.

Method

Study 1 utilized a 2 (power distance belief: high, low) × 2 (self-construal: independent, interdependent) between-subjects design. Participants were 117 Mechanical Turk (MTurk) members (61% female; M_age = 37) who completed the study for a small monetary payment using an online survey software. Online appendix 3 offers more extensive descriptions of survey procedures, stimuli, and scales for all studies in the current article. See online appendix 4 for manipulation instructions and stimuli.

Power Distance Belief Prime. Participants were informed at the start of the survey that they would complete several unrelated studies that were combined for the sake of efficiency. The first task manipulated power distance belief. Following Zhang et al. (2010), participants were randomly assigned to form meaningful sentences from scrambled words relating either to social hierarchy (high power distance belief condition [N = 53]) or equality (low power distance belief condition [N = 64]). A sample sentence included “Social order for is hierarchy our necessary” (high power distance belief condition) and “Social order for is hierarchy our unnecessary” (low power distance belief condition).

The power distance belief prime was validated via a pilot study (N = 118) that revealed that participants in the high (vs. low) power distance belief condition scored higher on the 3 item power distance belief scale developed and validated by Zhang et al. (2010) (α = .69; M_{high PDB} = 3.29, M_{low PDB} = 2.43; t(116) = 3.00, p < .01, d = 0.56). The items were “For the time being, I mainly think that . . .,” “At this moment, I feel that . . .,” and “On top of my mind right now are thoughts in agreement with saying that . . .” with end points 1 = “Social hierarchy is important” and 9 = “Social equality is important” for all three items. All three items were reverse scored so that high scores indicated higher power distance belief.

Self-Construal Prime. Next, following Lalwani and Shavitt (2009, 2013), we primed self-construal by having participants read a passage about an ancient warrior asked to select a leader for the king’s army. In the independent (interdependent) prime condition, he selects a talented general (a family member) (N_{IND} = 63; N_{INT} = 54). Thereafter, participants rated their admiration for the warrior. The order of the power distance belief and self-construal primes was randomized.

The self-construal prime was validated via a pilot study (N = 126) that revealed that participants in the independent (vs. interdependent) condition scored higher on Triandis and Gelfand’s (1998) 8 item independence scale (M_{IND} = 5.34, M_{INT} = 5.07; t(124) = 2.06, p < .05, d = 0.37), but lower on their 8 item interdependence scale (M_{IND} = 5.28, M_{INT} = 5.59; t(124) = -2.27, p < .05, d = 0.41), suggesting that the prime was effective. (A representative item for the independence scale was “I often do my own thing”; for the interdependence scale it was “If a coworker gets a prize, I would feel proud”; online appendix 3 lists all items).

Measurement of Price-Quality Judgments. The third and final task was used to assess the dependent variable: price-quality judgments. Following Lalwani and Shavitt (2013) and Kardes et al. (2004a), participants were told that the purpose of the study was to examine perceptions of quality given specific information about a product, and that to operate in this world efficiently they often need to make predictions from the available information (e.g., whether the products they purchase will perform well). They were told that they would be shown information about several brands of camcorders and computer monitors, and that they would then predict the quality of additional brands.

Participants were given as much time as they liked to review a randomly ordered table of 33 camcorders with information from Consumer Reports on brand name (e.g., Sony, Samsung), country of origin (e.g., Japan, South Korea), model number (e.g., DCR-SX41), price (in
dollars), and quality (on a scale of 1 to 100). This was done to familiarize participants with the various brands in the marketplace, their prices, and their quality so as to provide them with a rough baseline of prices and quality ratings of real brands. We also expected this exercise to reduce wild guessing by participants. Thereafter, participants were given an average retail price for an anonymous camcorder brand (i.e., brand A) and asked to rate its quality on a scale of 1 to 100. This process was repeated for a total of 10 different anonymous camcorder brands. Participants next viewed a table of information regarding 24 computer monitors, again for as much time as they liked (online appendix 4). Participants then rated the quality of 10 anonymous computer monitor brands based on their price. The average price of the camcorders was $377 (range: $240–700) with an average quality rating of 51 (range: 41–65), and price–objective quality correlation of .23. The average price of the computer monitors was $290 (range: $130–900), with an average quality rating of 69 (range: 55–79), and price–objective quality correlation of .39. The correlation between the presented price and participants’ subjective quality estimates for all camcorder and computer monitor brands was calculated for each participant separately, and this served as our dependent variable. The average price–subjective quality correlation across all participants was .63.

Results

We used standardized variables for all analyses in the article. We predicted that both power distance belief and interdependence would significantly influence price-quality judgments, but that their effects will not depend on each other (i.e., their interaction will be nonsignificant). The data supported these expectations. High (vs. low) power distance belief participants perceived a significantly greater correlation between price and quality ($M_{low \ PDB} = .59, M_{high \ PDB} = .68; t(115) = −2.38, p < .05, d = −.44), as did participants with an interdependent (vs. independent) self-construal ($M_{interdependent} = .68, M_{independent} = .58; t(115) = 2.08, p < .05, d = .39) (table 1 and figure 2). A general linear model (GLM) with price-quality judgments as the dependent variable revealed a significant main effect of power distance belief ($F(1, 113) = 4.37, p < .05, d = .39$) as well as self-construal ($F(1, 113) = 4.61, p < .05, d = .40$), but importantly no interaction between the two ($F(1, 113) = .62, p > .43, d = .15$).

Discussion

These results support hypothesis 1 and affirm that power distance belief and self-construal both influence price-quality judgments. However, the fact that the two variables do not interact suggests that the effect of power distance belief is independent of that of self-construal (and vice versa). Furthermore, because power distance belief was manipulated, the findings point to the causal role of power distance belief and suggest that the relationship is likely not the product of other variables.

STUDY 2: NEED FOR STRUCTURE AND CROSS-NATIONAL DIFFERENCES

In study 2, we tested the mediating role of need for structure in the relationship between power distance belief and price-quality judgments (hypothesis 2). In addition, we sought to ascertain the generalizability of our findings by using a cross-national sample and assessed the role of holistic thinking.

Method

A total of 154 MTurk members (34% female, $M_{age} = 33$) completed the study using an online survey software for a small monetary payment. Respondents were recruited from both the United States and India by specifying the nationality of participants in the MTurk interface. All Indian participants were proficient in English, so the questionnaire was administered in English. Survey instructions informed participants that they would complete several scales for unrelated research projects.

Measures. The tendency to make price-quality judgments was measured first via a 4 item scale ($\alpha = 0.81$) developed and validated by Lichtenstein, Ridgway, and
Netemeyer (1993). A sample item was “Generally speaking, the higher the price of a product, the higher the quality.” The overall mean for this scale was 6.41. Need for structure was measured next, using the 10 item scale validated by Webster and Kruglanski (1994) ($\alpha = 0.84$). A sample item included “I enjoy having a clear and structured mode of life.” Thereafter, holistic thinking was measured with a 10 item scale validated by Choi et al. (2003) ($\alpha = 0.78$). A sample item included “Nothing is unrelated.” All scales were anchored by 1 = Strongly disagree and 9 = Strongly agree.

**Power Distance Belief.** Nationality was used to operationalize power distance belief. Following Hofstede (2001), participants from India represented the high power distance belief group ($N = 78$) and participants from the United States represented the low power distance belief group ($N = 76$). To assess power distance belief differences between the two countries, we measured it using the 8 item power distance belief scale developed and validated by Zhang et al. (2010) ($\alpha = 0.58$) following administration of the price-quality and need for structure measures. A sample item included “Employees should be encouraged to express disagreement with their managers” (1 = Strongly disagree, 9 = Strongly agree). Demographic variables were administered last.

**Results**

We predicted that Indians (vs. Americans) would score higher on power distance belief and price-quality judgments. We further predicted that need for structure would mediate the relationship between nationality and price-quality judgments, on one hand, and between power distance belief and price-quality judgments, on the other. Finally, we expected holistic thinking to mediate the relationship between nationality and price-quality judgments (in line with Lalwani and Shavitt 2013), but not that between measured power distance belief and price-quality judgments. The data supported these expectations.

**Effects of Nationality on Power Distance Belief and Price-Quality Judgments.** As expected, Indians (vs. Americans) scored higher on power distance belief ($M_{\text{Indians}} = 5.02, M_{\text{Americans}} = 3.98; t(152) = -7.91, p < .001, d = -1.28$) and also exhibited a greater tendency to make price-quality judgments ($M_{\text{Indians}} = 6.63, M_{\text{Americans}} = 6.18; t(152) = -1.98, p < .05, d = -0.32$), supporting hypothesis 1 (figure 3 and table 2). However, because Indians and Americans differ on numerous dimensions (including interdependence), it is important to show that the latter difference is due to power distance belief (i.e., that power distance belief mediates the effect of nationality on price-quality judgments). A bootstrapping procedure (Zhao, Lynch, and Chen 2010) using 10,000 iterations revealed that the mean indirect effect of nationality on price-quality judgments through power distance belief was positive (0.38) and significant (95% confidence interval [CI], 0.18–0.61) excluded zero).

**Mediating Role of Need for Structure.** Next, we investigated whether need for structure mediates (a) the relationship between nationality and price-quality judgments, and (b) that between measured power distance belief and price-quality judgments. Both mediations were supported. For (a), a bootstrapping procedure with 10,000 iterations revealed that the mean indirect effect of nationality on price-quality judgments through need for structure was positive (0.12) and significant (95% CI, 0.02–0.27 excluded zero). For (b), a bootstrapping procedure revealed that the mean indirect effect of measured power distance belief on...
price-quality judgments through need for structure was positive (.06) and significant (95% CI, 0.01–0.15 excluded zero). Additionally, serial mediation (PROCESS model 6) using a bootstrapping procedure with 10,000 iterations revealed that the mean indirect effect of nationality on price-quality judgments through power distance belief and need for structure was positive (0.05) and significant (95% CI, 0.002–0.1621 excluded zero).

**Is Holistic Thinking Also a Mediator?** We also investigated whether holistic thinking is a mediator of the relationships just outlined. First, we expected holistic thinking to mediate the relationship between nationality and price-quality judgments (c), consistent with Lalwani and Shavitt (2013). Second, because we have predicted that power distance belief and interdependence act via different mechanisms, we expected holistic thinking not to mediate the relationship between power distance belief and price-quality judgments (d). Both expectations were supported. For (c), a bootstrapping procedure with 10,000 iterations revealed that the mean indirect effect of nationality on price-quality judgments through holistic thinking was positive (0.05) and significant (95% CI, 0.004–0.161 excluded zero). For (d), a similar bootstrapping procedure revealed that the mean indirect effect of power distance belief on price-quality judgments through holistic thinking was positive (.003) but not significant (95% CI, −0.03–0.04 included zero). Hence both expectations were supported.

**Discussion**

Study 2 suggested that the relationship between power distance belief and price-quality judgments is mediated by a need for structure, in support of hypothesis 2, and is independent of holistic thinking. Indians (vs. Americans) demonstrated higher need for structure and thus a greater tendency to make price-quality judgments. The use of nationality—a different operationalization of power distance belief than in study 1—provides convergent validity to our effects.

**STUDY 3: SALIENCE OF PRICE**

Study 3 tested the hypothesis that high (vs. low) power distance belief individuals’ greater need for structure leads them to rely on price because it is more salient to them and because it readily enables discrimination among brands. We predicted that experimentally enhancing the salience of price would increase low power distance belief individuals’ reliance on it because their baseline tendency to rely on price is low (compared to a condition in which price salience is unchanged), but it should have little effect on high power distance belief individuals’ reliance on it because their baseline tendency to rely on price is already high (ceiling effect; Friesen et al. 2014) (hypothesis 3a). Hence when price salience is enhanced, we expected both high and low power distance belief individuals to make price-quality judgments.

Similarly, we predicted that reducing the salience of price (by highlighting another attribute) would decrease high power distance belief individuals’ reliance on it (compared to a condition in which price salience is unchanged), but should have little effect on low power distance belief individuals’ reliance on it because of their low baseline tendency to rely on price (floor effect; hypothesis 3b). Hence when price salience is reduced, we expected neither high nor low power distance belief individuals to make price-quality judgments. Further, when price salience is unchanged, we expected high, but not low, power distance belief participants to make price-quality judgments, as in the previous studies.

**Method**

A total of 297 MTurk members (58% female, $M_{age} = 35$) completed the survey for a small monetary payment using an online survey software. We used a 2 (power distance belief: high, low) × 2 (price condition: high, low) × 3 (salience of price: enhanced, reduced, unchanged) between-subjects design.

**Power Distance Belief Manipulation.** As in study 1, participants were told that the survey was composed of unrelated tasks that were combined for the sake of efficiency. The first task manipulated power distance belief following Zhang et al. (2010). Participants read the following statement: “There should be an order of inequality in this world in which everyone has a rightful place; high and low are protected by this order.” In the high (low) power distance belief condition, participants wrote three reasons supporting (opposing) this statement ($N_{high\ PDB} = 147; N_{low\ PDB} = 150$).

The power distance belief manipulation was validated via a pilot study ($N = 102$) that revealed that participants in the high (vs. low) power distance belief condition reported greater belief in hierarchy and inequality (as measured by the 3 item power distance belief scale used in the pilot study reported in study 1; $a = .96; M_{high\ PDB} = 3.44, M_{low\ PDB} = 2.37; t(100) = -2.58, p < .05, d = -.52$), suggesting that the manipulation was effective.

**Price Manipulation.** Next, following Lalwani and Shavitt (2013), respondents viewed information about three brands each of alarm clocks and microwaves: the target brand as well as two other brands, which provided baseline price information. We used fictitious names for the target brands and obtained product attributes (including price) from major online retailers. Participants were randomly assigned to either the high ($N = 149$) or low price condition ($N = 148$), with identical product descriptions across
In the high (low) price condition, the target brand was priced highest (lowest).

**Price Salience Manipulation.** Thereafter, participants were randomly assigned to one of three price salience conditions, which emphasized either product price (price salience enhanced; \(N = 101\)), another product attribute (price salience reduced; \(N = 98\)), or neither (price salience unchanged; \(N = 98\)). Panel A of figure 4 presents the microwave stimuli in the unchanged condition (online appendix 4 offers a complete listing of stimuli). To enhance attention to price, we removed price information for the target brand, put it at the bottom of the table of product information, and indicated it both verbally and numerically (panel B of figure 4). To reduce attention to price, we added information about another attribute at the bottom of the table (panel C of figure 4) (Dodds et al. 1991).

The price salience manipulation was validated via a pilot study (\(N = 69\)) that showed that participants in the price salience enhanced (vs. unchanged and reduced) condition scored highest on a scale assessing the extent to which price was highlighted (three items each for microwave and alarm clock; \(\alpha = .85\); “In the description of [the target brand], the price is listed separately from the rest of the attributes so that consumers may focus on it” [1 = Strongly disagree, 9 = Strongly agree]; “In its description, [the target brand] has the following attribute listed separately from the rest of the attributes” and “Based on the description of [the target brand], the marketer listed the following characteristic separately in order to emphasize it” [Scale end

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<th><strong>B Price salience enhanced condition</strong></th>
<th><strong>C Price salience reduced condition</strong></th>
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<td><strong>Jaccs alarm clock</strong></td>
<td><strong>Aurora alarm clock</strong></td>
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<tr>
<td>Quartz Movement</td>
<td>Arabic numerals and markers</td>
<td>Snooze function</td>
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<td>Luminescent Hands</td>
<td>Pleasant “beep” Alarm</td>
<td>Polished chrome finish</td>
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The Aurora alarm clock costs $35 (thirty-five dollars).

The Aurora alarm clock has a sleek look packaged in a convenient size perfect for traveling.
points for these two items 1 = Sleek look packaged in a convenient size perfect for traveling/Size of 2.2 cubic feet, 5 = Neither sleek look nor price/Neither size nor price, 9 = Price.]”) Results indicated the salience manipulations worked as intended ($M_{price \text{ salience enhanced}} = 5.88, M_{unchanged} = 4.41, M_{price \text{ salience reduced}} = 2.68; F(2, 66) = 12.20, p < .001, d = 1.21, all p’s < .05).

Measurement of Price-Quality Judgments and Interdependence. Thereafter, respondents rated the target brand on quality, reliability, and dependability (1 = “Very low” and 9 = “Very high”; $x_{\text{alarm clock}} = .90, x_{\text{microwave}} = .95$), the aggregate of which served as the dependent variable. Since the only information that varied across the price conditions was the price of the target product, by comparing mean quality ratings across high and low price conditions, we were able to determine the extent to which participants made price-quality judgments. If quality ratings were statistically significantly higher in the high (vs. low) price condition, participants could be said to make price-quality judgments; if they did not differ, participants could not be said to make such judgments. ¹ Thereafter, interdependence was measured with an 8 item scale developed and validated by Triandis and Gelfand (1998; $\alpha = .78$). A representative item was “If a coworker gets a prize, I would feel proud” (1 = Strongly disagree, 7 = Strongly agree). Demographic variables were administered last.

Results

Effect of Power Distance Belief on Price-Quality Judgments. First, we predicted that the effect of the price salience manipulation on price-quality judgments will be different for high and low power distance belief individuals. This prediction was supported by a GLM with quality judgments as the dependent variable, which revealed a significant three-way interaction between power distance belief, salience, and price condition ($F(2, 285) = 3.16, p < .05, d = .21$); the GLM also revealed no effect of power distance belief ($F(1, 285) = .41, p > .52, d = .08$) or salience ($F(2, 285) = .33, p > .71, d = .07$), a significant main effect of price condition ($F(1, 285) = 21.27, p < .001, d = .54$), and significant two-way interactions between power distance belief and salience ($F(2, 285) = 4.63, p < .01, d = .25$) and between price condition and salience ($F(2, 285) = 3.29, p < .05, d = .24$), but not between power distance belief and price condition ($F(1, 285) = .21, p > .64, d = .05$).

In the unchanged price salience condition, we expected to replicate the results of the previous studies. The expectation was supported. In the unchanged price salience condition, a GLM on price-quality judgments revealed no effect of power distance belief ($F(1, 94) = 2.52, p > .11, d = 3.18$) or price condition ($F(1, 94) = 2.73, p > .10, d = 3.3$), but a significant interaction between the two ($F(1, 94) = 4.49, p < .05, d = 4.24$). As predicted, participants who were high in power distance belief made price-quality judgments ($M_{low \text{ price}} = 5.38, M_{high \text{ price}} = 6.21; t(34) = -2.59, p < .05, d = -.70$), but those low in power distance belief did not ($M_{low \text{ price}} = 5.49, M_{high \text{ price}} = 5.39; t(40) = .38, p > .70, d = .12$).

Test of Hypothesis 3a. In hypothesis 3a, we predicted that enhancing the salience of price will increase the price-quality judgments of low, but not high, power distance belief individuals. To test this hypothesis, we compared the price-quality judgments in the price salience enhanced (vs. unchanged) conditions among high and low power distance belief individuals separately. For low power distance participants in the price salience enhanced and unchanged conditions, the GLM revealed no effect of salience ($F(1, 87) = 1.47, p > .22, d = 2.42$), a main effect of price condition ($F(1, 87) = 7.95, p < .01, d = 5.64$), and a significant two-way interaction between salience and price ($F(1, 87) = 10.60, p < .01, d = 6.52$), suggesting that enhancing the salience of price significantly influenced low power distance belief individuals’ tendency to make price-quality judgments. Contrasts suggested that low power distance belief participants in the price salience enhanced condition made price-quality judgments ($M_{low \text{ price}} = 5.01, M_{high \text{ price}} = 6.45; t(47) = -3.89, p < .001, d = -1.13$) while those in the unchanged price salience condition did not ($M_{low \text{ price}} = 5.49, M_{high \text{ price}} = 5.39; t(40) = .37, p > .70, d = 1.70$), supporting hypothesis 3a.

For high power distance participants in the price salience enhanced and unchanged conditions, the GLM revealed no effect of salience ($F(1, 104) = .02, p > .87, d = .28$), a main effect of price condition ($F(1, 104) = 11.96,$

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¹ The means for this variable across conditions were as follows: $M_{low \text{ price}} = 5.38, M_{high \text{ price}} = 6.02, M_{price \text{ salience enhanced}} = 5.71, M_{price \text{ salience reduced}} = 5.75, M_{price \text{ salience unchanged}} = 5.64, M_{low \text{ PDB}} = 5.74, M_{high \text{ PDB}} = 5.66.$

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FIGURE 5

THE EFFECT OF ATTRIBUTE VERSUS PRICE SALIENCE ON THE RELATIONSHIP BETWEEN POWER DISTANCE BELIEF AND QUALITY JUDGMENTS (STUDY 3)
price salience reduced condition (pants did not make price-quality judgments either in the contrasts suggested that low power distance participants in the reduced price salience condition (M_high_price = 5.38, M_low_price = 6.13; t(50) = −2.31, p < .05, d = −.65) and unchanged (M_high_price = 5.37, M_low_price = 6.21; t(54) = −2.59, p < .05, d = −.70) conditions both saw the target brand as superior when it had a higher price than when it had a low price (i.e., made price-quality judgments), also supportive of hypothesis 3a.

Test of Hypothesis 3b. In hypothesis 3b, we predicted that reducing the salience of price will lessen the price-quality judgments of high, but not low, power distance belief individuals. To test this hypothesis, we compared the price-quality judgments in the price salience reduced (vs. unchanged) conditions among high and low power distance belief individuals separately. For low power distance participants in the low and unchanged price salience conditions, a GLM revealed a main effect of salience (F(1, 97) = 6.03, p < .05, d = 4.92), no effect of price condition (F(1, 97) = .26, p > .60, d = 1.02), and a nonsignificant two-way interaction between salience and price (F(1, 97) = .99, p > .32, d = 1.98), suggesting that reducing the salience of price did not change low power distance belief individuals’ tendency to make price-quality judgments. Contrasts suggested that low power distance belief participants did not make price-quality judgments either in the price salience reduced condition (M_low_price = 5.80, M_high_price = 6.13; t(57) = −1.06, p < .29, d = −.28) or in the unchanged price salience condition (M_low_price = 5.49, M_high_price = 5.39; t(40) = .37, p > .70, d = 1.70), supporting hypothesis 3b.

For high power distance belief participants in the reduced versus unchanged price salience conditions, the GLM revealed a main effect of salience (F(1, 91) = 3.95, p = .05, d = 3.98) and price condition (F(1, 91) = 7.64, p < .01, d = 5.52), and a nonsignificant two-way interaction between salience and price (F(1, 91) = .67, p > .41, d = 1.64). Although we expected the two-way interaction to be significant, it was not. The reasons for this should be examined by future research. Nevertheless, as expected, high power distance participants in the reduced price salience condition did not make price-quality judgments (M_low_price = 5.10, M_high_price = 5.55; t(37) = −1.46, p > .15, d = −.48) while those in the unchanged price salience condition did (M_low_price = 5.37, M_high_price = 6.21; t(54) = −2.59, p < .05, d = −.518), suggesting that reducing the salience of price lowered high power distance participants’ tendency to make price-quality judgments, in support of hypothesis 3b.

Independence of Power Distance Belief and Interdependence. Finally, we expected the effect of power distance belief on price-quality judgments to be independent of self-construal. The data supported this expectation. A GLM on the interdependence score with all three manipulated variables and their interactions as independent variables revealed that, aside from the two-way interaction between power distance belief and salience, which was marginally significant (p = .08), all other effects were nonsignificant (p’s ranged from .13 to .81). Of note, the power distance belief manipulation did not affect interdependence scores (M_low_PDB = 5.18, M_high_PDB = 5.14; t(295) = .42, p > .67, d = .05), suggesting that the two acted independently of each other.

In order to further assess the role of self-construal, we repeated the analyses presented earlier this time including interdependence in the model. The three-way interaction between power distance belief, salience, and price condition remained significant (F(2, 278) = 2.94, p = .05, d = .29), but the interaction between interdependence, salience, and price condition was nonsignificant (F(2, 278) = .19, p > .90, d = .09). Splitting the data by salience condition yielded the same results as previously; thus our effects persisted after controlling for interdependence.

Discussion

Our theorization suggests that high (vs. low) power distance belief consumers’ greater need for structure leads them to rely on price because it is a salient attribute. Accordingly, experimentally enhancing the salience of price increased low power distance belief individuals’ tendency to make price-quality judgments, compared to price salience unchanged levels. These individuals did not make price-quality judgments in the price salience unchanged condition, but they did so in the price salience enhanced condition. However, experimentally enhancing the salience of price did not affect high power distance belief individuals’ tendency to make price-quality judgments due to a ceiling effect—indeed, these individuals made price-quality judgments in both the price salience enhanced and price salience unchanged conditions.

Along similar lines, experimentally reducing the salience of price decreased high power distance belief individuals’ tendency to make price-quality judgments due to a floor effect—indeed, these individuals did not make price-quality judgments in either the price salience reduced condition or the price salience unchanged condition. In other words, when price salience was enhanced (reduced), both (neither) high and (nor) low power distance belief participants made price-quality judgments. However, when the salience of price was unchanged, high (but not low) power
distance belief participants made price-quality judgments, as in our previous studies.

In examining our results for study 3, we noted that the mean quality judgments for participants low in power distance belief in the reduced price salience condition appeared higher than expected (figure 4). Although our focus was on the difference of means between high and low price conditions (i.e., price-quality judgments), and not on the absolute means in the high and low price conditions (i.e., quality judgments), we speculate that low power distance belief individuals, who typically do not focus on price as a cue for quality, interpreted the emphasized product attribute (intended to make price less salient) instead as indication of greater quality because, when price salience was reduced, the brand seemed to have more attributes than its competitors. Because high power distance individuals typically do focus on price as a cue for quality, the reduced salience of the price information indeed reduced quality perceptions as we intended. Future research should explore this possibility. That said, the results support our hypotheses relating to price-quality judgments; indeed, neither high nor low power distance belief individuals made price-quality judgments when price salience was reduced.

**GENERAL DISCUSSION**

The purpose of the present article was to examine the relation between power distance belief and price-quality judgments, as well as the underlying mechanisms and boundary conditions. Three studies provided robust and converging evidence for the hypothesis that consumers high (vs. low) in power distance belief have a greater tendency to infer a product’s quality based on its price because they have a greater need for structure. Study 1 provided initial evidence of the association between power distance belief and price-quality judgments. Study 2 demonstrated the mediating role of need for structure in a cross-national context. Study 3 revealed that experimentally enhancing (reducing) the salience of price increased (decreased) low (high), but not high (low), power distance belief participants’ tendency to make price-quality judgments. That is, when the salience of price was enhanced (reduced), both (neither) high and (nor) low power distance belief participants made price-quality judgments (Lalwani and Monroe 2005). However, when the salience of price was unchanged, high (but not low) power distance belief participants made price-quality judgments, as in our previous studies.

Each of these studies also revealed that the effect of power distance belief on price-quality judgments is independent of self-construal or holistic thinking. We found that the core effect exists regardless of whether power distance belief and need for structure are chronically or temporarily accessible, and with several different operationalizations of price-quality judgments in a number of product categories. These convergent results indicate that our findings are robust and reliable. Moreover, our findings are consistent with those of Guimond et al. (2007; also Guimond et al. 2006; Hamamura 2012), who found that high (vs. low) power distance belief individuals are more likely to make comparisons within a single category than across categories, which may make them more likely to evaluate products based on the same attribute (i.e., price) rather than a mix of attributes.

**Theoretical Contributions**

Our findings offer contributions to the cross-cultural, price perceptions, and need for structure literatures. Previous cross-cultural research has primarily focused on the individualism–collectivism dimension, even though power distance was the first cultural dimension identified by Hofstede (1984). As Shavitt et al. (2006a) note, cross-cultural researchers need to move beyond the individualism–collectivism dichotomy due to the limitations inherent in any single dimension. The current research is among the first to demonstrate experimentally the critical role played by power distance belief in consumer judgments. Further, by measuring and manipulating power distance belief, we also show that this cultural value orientation can be fruitfully studied at the individual level.

Our work contributes to the price-quality literature by identifying a novel mechanism that causes people to use price to judge quality—that of need for structure. Our work also suggests that the tendency to infer quality from price may not be a marketing universal, as claimed by some researchers (Dawar and Parker 1994). Psychologists are increasingly concerned with the notion that cultural differences in research participants may disguise important differences in a variety of phenomena previously regarded as culturally invariant (Lehman, Chiu, and Schaller 2004). While the multiple cultural and socioeconomic differences between countries makes it difficult to isolate the role of culture when comparing countries, priming power distance belief levels in relatively homogeneous samples of research participants allows for the investigation of this phenomenon in more depth. In so doing, our research is the first to introduce power distance belief to the pricing literature.

We also contribute to the literature on need for structure by demonstrating that it (1) triggers greater reliance on price to judge quality—that of need for structure. Our work is among the first to demonstrate experimentally the critical role played by power distance belief in consumer judgments. That is, we show that the tendency of higher (vs. lower) need for structure consumers to see the world in two- (vs. three-) dimensional terms (Schaller et al. 1995) leads them to be more likely to make price-quality judgments. Finally, by showing that the link between power distance belief and price-quality judgments is moderated by price salience, we shed insights on the boundary conditions for our effects.
The Role of Self-Construal

Recent research suggests that consumers with an interdependent (vs. independent) self-construal are more likely to make price-quality judgments (Lalwani and Shavitt 2013). Other research conducted at the national level points to a link between power distance belief and interdependence (Hofstede 1980). This may lead to the argument that the effects we propose can be derived from extant literature. However, this conclusion is unwarranted for several reasons. First, as Hofstede (1984, 1985) argues, power distance belief and self-construal are distinct theoretical constructs with vastly different antecedents and consequences. It is thus possible for countries to be high in interdependence, but low in power distance belief (e.g., Costa Rica) and low in interdependence, but high in power distance belief (e.g., Spain and South Africa) (Hofstede 1984). Second, interdependents engage in price-quality judgments because they are holistic thinkers (Lalwani and Shavitt 2013), whereas power distance belief affects price-quality judgments because of a greater need for structure. The mechanisms underlying the two relationships are thus completely different. Indeed, as we demonstrate, the effect of power distance belief on price-quality judgments is independent of holistic thinking.

Third, the evidence on the relationship between power distance and interdependence is mixed. As noted, Hofstede found a positive association between the two, whereas Rathod and Miranda (1999) found lower levels of interdependence when power distance was high (study 5 [online appendix 1] and online appendix 7). Fourth, from a conceptual standpoint, the independence–interdependence (or, at the national level, individualism–collectivism) construct is further refined by a vertical–horizontal dimension, which is orthogonal to the independence–interdependence dimension (Singelis et al. 1995; Triandis and Gelfand 1998). The vertical–horizontal dimension closely corresponds to power distance belief (Oyserman 2006; Shavitt et al. 2006a). Considerable research demonstrates that accounting for the vertical–horizontal dimension significantly enhances the explanatory power of the broad independence–interdependence dimension (Lalwani, Shavitt, and Johnson 2006; Shavitt et al. 2006a), which further suggests that power distance belief and interdependence are different constructs. Fifth, Hofstede (1984, 1985) reported that controlling for national wealth eliminated the correlation between collectivism and power distance belief. It thus appears that the link between collectivism and power distance belief is spurious—countries high in collectivism may score high on power distance belief because they tend to have low national wealth.

Accordingly, we found that the effect of power distance belief on price-quality judgments holds after controlling for self-construal (studies 1, 3, 4 [in online appendix 1], and 5 [in online appendix 2]) and holistic thinking (study 2). Second, the interaction between power distance belief and interdependence is nonsignificant (studies 1, 3, 4 [in online appendix 1], and 5 [in online appendix 2]), indicating that the effect of power distance belief is independent of the degree of interdependence. Third, factor analyses showed that the items tapping power distance belief and self-construal load on distinct factors (online appendixes 4 and 5). Fourth, we orthogonally manipulated both power distance belief and self-construal and found that both independently influence price-quality judgments (study 1). Fifth, the correlation between power distance belief and self-construal across studies is not consistent, either in valence or significance. Indeed, a meta-analysis revealed no relationship between the two (online appendix 7).

Managerial Implications

In an economic climate where there is considerable downward pressure on prices due to factors such as unemployment and stagnating wages, the ability to identify and target consumers who are willing to pay more for high-quality products can help protect firm profits (Monroe 2003). Moreover, particular countries, states, or regions that are known to have high levels of power distance belief (e.g., southern states; Carl et al. 2004) may be less price sensitive and thus may be more receptive to high-priced products. In such places, marketers would be advised to use caution when communicating that products are discounted. Additionally, the link between need for structure and political conservatism (Jost et al. 2003) suggests that more expensive products might be more successfully launched in politically conservative states or cities because residents will be more likely to view the higher cost as justified by higher quality. Inexpensive products might be more successfully launched in less conservative regions because residents are less likely to view their lower cost as signaling lower quality.

Further, advertisements or messages that evoke power distance belief (e.g., by highlighting hierarchy-endorsing slogans such as “for those who want to reach the top”) may increase consumers’ reliance on product price to infer its quality and their willingness to pay more for higher quality goods. Likewise, advertisements that emphasize equality and egalitarianism (e.g., the slogan “everyone deserves the best”) may lessen consumers’ belief that a high-priced good is a high-quality one.

Limitations and Directions for Future Research

The current investigation has several limitations. First, we examined price-quality judgments in only a few product categories. Future research should attempt to ascertain our findings using additional product categories. Moreover, the studies were conducted in controlled environments, with limited information about attributes other
than price. This was important to ensure a clean, internally valid test of the theoretical framework. Consumers often have more information on brand attributes, however, and future research should explore its impact. Future research should also use field experiments to examine the robustness of our results.

Further exploration is warranted regarding the link between power distance belief and need for structure. We can imagine that the importance of understanding social structure and also of signaling high social standing (either desired or actual) may explain why high power distance belief individuals are higher in need for structure (vs. low power distance belief individuals). Future research should examine this relationship in greater depth. Additionally, prior work has shown that need for structure predicts political conservatism, a central tenet of which is the legitimacy of social and economic inequality (Jost et al. 2003). Hence politically conservative people, with their higher need for structure, may be more likely to make price-quality judgments. This too is an interesting proposition for future researchers to examine.

In addition, we found that enhancing (reducing) the salience of price increases (decreases) price-quality judgments among low (high) power distance belief participants. However, price is not the only possible numeric attribute, and products sometimes have other attributes stated in numeric form. Although we expect all numeric (vs. verbal) information to be easier to rank, future research should ascertain this relationship and also explore whether price salience can be manipulated using numeric information other than price.

This research also suggests that the tendency of high power distance belief individuals to form product rankings may result from a similar tendency to form rankings of people. Mentally creating a social hierarchy enables an individual to interact with others according to the appropriate norms for high- or low-ranking people. Thus our findings provide further evidence of the use of social cognition to understand products (e.g., Chandler and Schwarz 2010; Gürhan-Canli 2003; Kim and McGill 2011), a subject deserving of further study.

Future research should also explore how other cultural factors (e.g., masculinity–femininity, uncertainty orientation) impact price-quality judgments. Product category knowledge (Rao and Monroe 1988) and ease of evaluation of the product category (i.e., whether it is an information versus credence good; Nelson 1970) are also boundary conditions deserving of future exploration.

DATA COLLECTION INFORMATION

The data for studies 1, 2, 3 and 5 (in online appendix 2) were collected via MTurk between October 2012 and November 2015 by Ashok K. Lalwani. The data for study 4 (in online appendix 1) were collected using undergraduate students at Indiana University in March 2015 by a research assistant under the supervision of Ashok K. Lalwani. Data for all studies were analyzed by both Ashok K. Lalwani and Lura Forcum.

REFERENCES


