REVIEWS AND EVENTS

Book Review

The Price is Wrong

By S. Maxwell (Wiley and Sons, New Jersey; 2008; Hardcover; ISBN 978-0-470-13909-7; 240pp; £15.99)

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This book provides an interesting perspective on consumers' reaction to price fairness. The success or failure of a pricing strategy, Maxwell argues, often hinges on the fairness issue and as such pricing managers would benefit from paying attention to the emotional aspect of consumers' responses to price.

The book is logically organised into three sections. Section one introduces the concept of an acceptable and just 'fair' price and highlights how consumers can react emotionally to pricing. Fair prices, the author suggests, are those that have passed the test of personal and social fairness by adhering to the relevant social norms. This section also briefly explores the historical background to contemporary thinking as to what a just price might be.

Section two presents Maxwell's model that attempts to explain how personal and social fairness can lead to escalating emotions and retributions or consumer-imposed punishments. Notably, this section ends with an exploration of the key roles of trust and power in consumer exchange. Judgments of fair pricing, Maxwell contends, can both increase trust and are supported by trust but can be destroyed by the imposition of seller power.

Section three details some useful applications of the model in practice. Of particular interest here is the chapter on price discrimination, which details both consumer acceptance of it and the potential for them to regard price

'segmentation' based on the identity of the target market as unfair.

While the majority of chapters in the book examine fairness from a consumer perspective, the last chapter investigates it from the seller's viewpoint. Here the author offers some fairly basic practical guidelines for companies to use in their attempts to price fairly.

Overall, the book is written in a very readable, accessible style and maintains a fair balance between presenting some basic underpinning theory and real pricing cases in order to explain how people judge the fairness of a price or indeed a price change. Up-to-date examples are drawn from a wide range of industry sectors including airlines, hotels, mobile phones, real estate, gasoline and education. The chapters are short and at the end of each chapter there is a definitions list of new terminologies or defining concepts used.

Combining insights from economics, consumer psychology and the contemporary marketplace, this book provides consumers and managers with a useful review of the issue of fair (and unfair) pricing and a valuable insight into the emotional aspects of consumers' responses to price.

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