



Do Cultural Differences Affect Voluntary Payment Decisions? Evidence from Guided Tours

Anna Kukla-Gryz, Peter Szewczyk and Katarzyna Zagórska
North American Cultural Economics Workshop
Montreal, Quebec, Canada
November 3rd, 2017



Pay-What-You-Want for Cultural Goods



The Guggenheim Museum, New York



Manchester Halle Orchestra



Teatr Odwrócony, Kraków



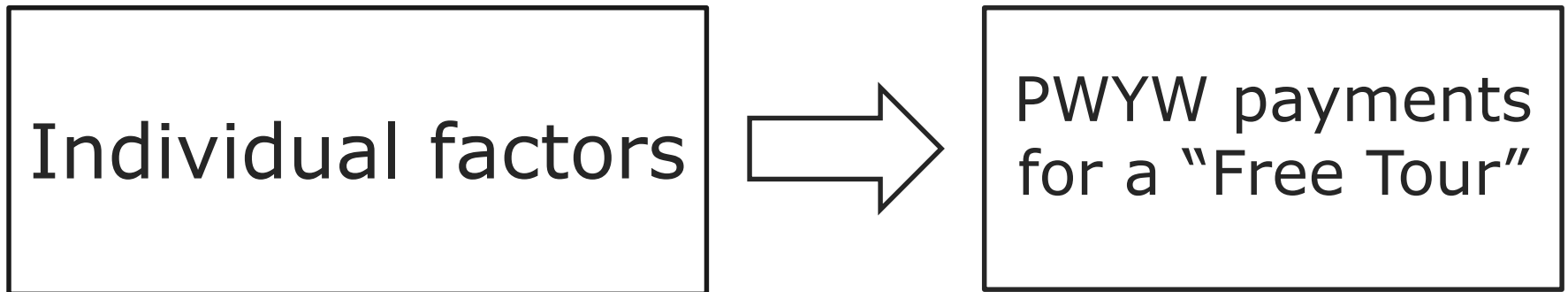
Radiohead

Pay-What-You-Want (PWYW)

- Buyer-center form of participatory pricing
- Social-market relationships
 - Social exchange norm
 - i.e. cooperation or reciprocity
- “Self-signaling”
 - Social norms cause individuals to pay a “fair price”
 - Gneezy et al (2012) and Regner & Riener (2012)
- Ex-post PWYW eliminates information asymmetry
 - Greiff et al (2015)
- No investigation on cross-cultural differences on the magnitude of PWYW
 - (Natter & Kaufman 2015)

Research question - Individuals' Perception

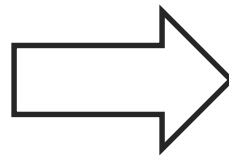
Which individual-level aspects are significant determinants of the size of PWYW payments?



Research question - Cultural Dimension

Which cultural values are significant determinants of the cross-country differences in the size of PWYW payments?

Hofstede's Dimensions
World Values Survey



PWYW payments
for a "Free Tour"

Data Collecting - The Tour

- Orange Umbrella Tours - Warsaw Old Town Tour
- Voluntary donation system (payment at the end of the tour)
- Summer 2016, weekdays @ 11 a.m. - 1 p.m.
- Survey: 2 parts, anonymous, voluntary
- Purpose of research not revealed
- Incentive: ice cream coupon



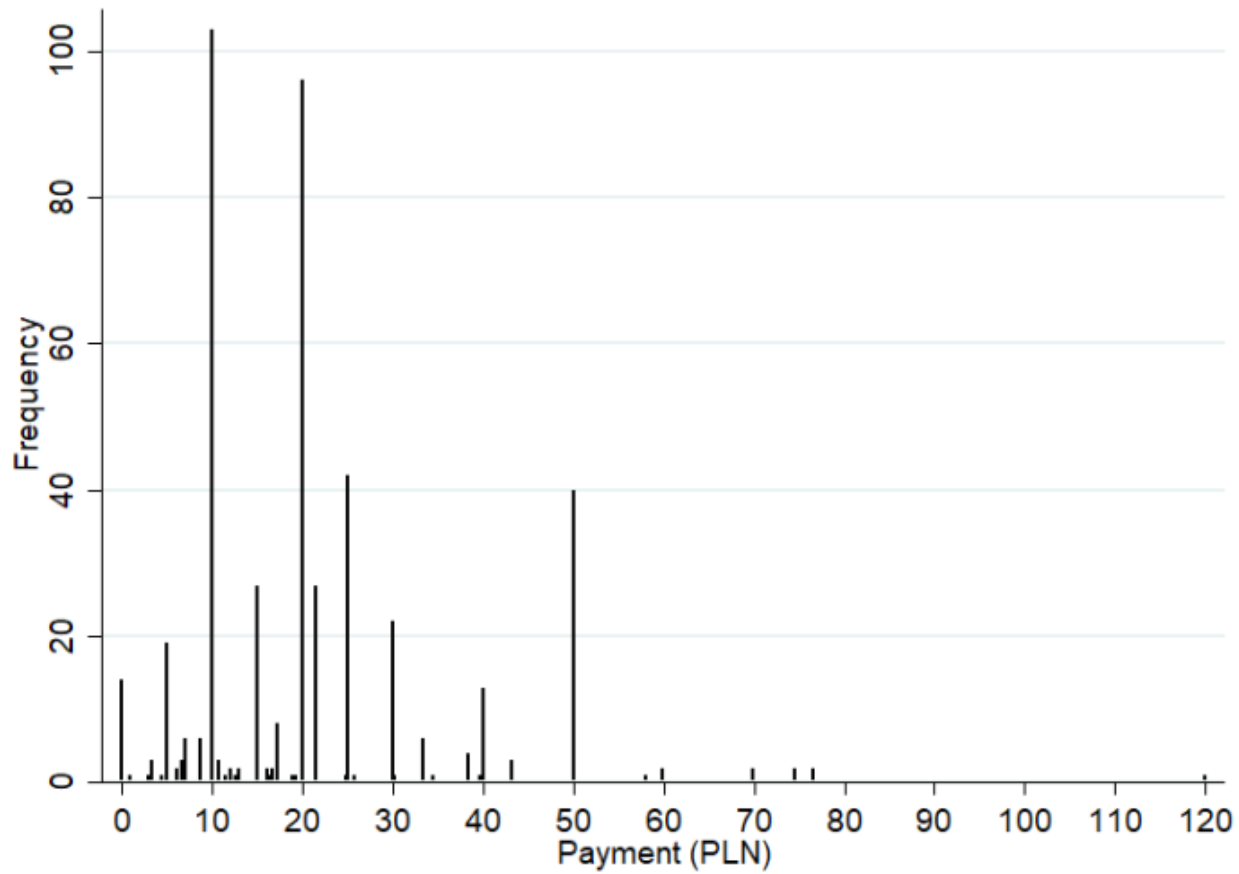
**ORANGE UMBRELLA
FREE TOUR WARSAW**



Sample

- 404 surveys completed in full
- Average tour size: 20.4 tourists
- Mean age: 24
- 50 different countries
 - UK (12%), Germany (11.7%), USA (10.4%)
- Mean payment: 21 PLN

Payment Breakdown



Hypotheses - Individual Factors

- Overall rating of the tour will influence payment
- Decline in payment size over time (previous tours attended)
 - Riener & Traxler (2012)
- Understanding of guide compensation will influence payments
 - Only form of remuneration vs. additional tip to compensation

Hypotheses - Cultural Differences

Hofstede		WVS
Power distance	-	Leisure
Uncertainty avoidance	-	Fairness
Masculinity	+	Charity
Indulgence	+	Satisfaction with Finances

Results - Individual, Hofstede, and WVS

VARIABLES	(1) payment	(2) payment	(3) payment	(4) payment	(5) payment
Age	0.00927*** (0.00269)	0.00827*** (0.00260)	0.00411 (0.00514)		
Sex	-0.0518 (0.0710)	-0.0129 (0.0581)	-0.0560 (0.107)		
Overall	0.165*** (0.0523)	0.168** (0.0777)	0.140* (0.0707)		
Previous Tour	-0.171** (0.0851)	-0.171 (0.107)	-0.179 (0.127)		
Guide Compensation	0.391*** (0.0841)	0.312*** (0.0890)	0.523*** (0.127)		
Hof - Indulgence		0.00298 (0.00189)		0.00773*** (0.00247)	
Hof - Power Distance		-0.00272 (0.00277)		-0.00438 (0.00275)	
Hof - Uncertainty Avoidance		0.00251 (0.00241)		0.00258 (0.00221)	
Hof - Masculinity		0.00154 (0.00258)		-0.000595 (0.00210)	
WVS - Charity			0.0158** (0.00731)		0.0242** (0.00909)
WVS - Fairness			-0.0705 (0.119)		-0.0890 (0.156)
WVS - Leisure			0.339 (0.530)		0.769 (0.686)
WVS - Finances			0.314** (0.156)		0.353 (0.255)
Constant	1.739*** (0.253)	1.523*** (0.446)	-1.054 (1.717)	2.504*** (0.256)	-1.796 (2.059)
Observations	369	345	159	439	207
R-squared	0.247	0.287	0.432	0.148	0.276

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Results - Hofstede & WVS

	Av. PWYW		Av. PWYW
Power Distance (n=45)	-0.2771*	Leisure (n = 27)	0.4875*
Masculinity (n=45)	-0.1337	Charity (n = 27)	0.5243***
Uncertainty Avoidance (n=45)	-0.3049**	Fairness (n = 27)	0.4453**
Indulgence (n=48)	0.4629***	Finances (n = 27)	0.6468***

*** p<0.01, ** p<0.05, * p<0.1

Conclusions

Business Implications:

If PWYW is introduced than the rules of service or good remuneration should be clearly explained, i.e. if the voluntary payment is the main form of compensation.

Cultural Implications:

Result of PWYW implementation for cultural good consumption may vary across countries



Thank you for your attention!

More about our research on
<http://grape.org.pl>

Twitter: @GRAPE_ORG

Facebook: /GRAPE.ORG