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## **When Size Doesn't Matter: The Impact of Unexpected Surcharges on Consumer Reactions**

### **Abstract**

Service firms increasingly use surcharges on complimentary items, yet little is known about how consumers respond to these charges. Across five studies in the restaurant context, we show that even nominal surcharges elicit negative consumer responses. Specifically, adding surcharges to complimentary items lowers engagement with advertisements. Furthermore, even a one-cent surcharge reduces perceived fairness and revisit intention. These effects arise because such surcharges violate communal norms, a type of relationship norm emphasizing genuine concern for others and acts of goodwill. By contrast, the negative effect disappears when exchange norms are activated, while it persists under communal norm activation. Together, these findings advance research on consumer responses to small surcharges on complimentary items and offer practical guidance on how service firms can communicate surcharges to mitigate negative reactions.

**Keywords:** *surcharge, complimentary items, price fairness, relationship norms, partitioned pricing*

## 1. Introduction

*Imagine you are dining at a Japanese restaurant and run out of wasabi. When you ask the waiter for more, he informs you that an extra portion now costs 25 cents, explaining that the restaurant uses high-quality wasabi. This feels unexpected, as wasabi is typically provided as a complimentary condiment. When the bill arrives, you see a \$25 charge for your dish and an additional \$0.25 for the wasabi. It is a small amount of money, but would that tiny charge affect your decision to return to the restaurant?*

Service firms often implement new surcharges in different forms to offset rising expenses, inflation, and other challenges. This practice has become increasingly common among small businesses, particularly in the restaurant industry (National Restaurant Association, 2022). Restaurant surcharges vary in nature, such as a 3% “adversity surcharge” to compensate for rising costs (Rengers, 2023), a 3% fee to cover workers’ healthcare and paid time off (Reuter, 2023), a 20 to 80 cent surcharge on a takeaway container (Tham, 2022), and a 10-pence “sauce tax” for extra ketchup (Kemp, 2022).

Despite the growing prevalence of these small surcharges, previous research has primarily focused on relatively larger surcharge magnitudes (e.g., 20% of the total price) and has found that consumers tend to ignore smaller surcharges (for a review, see Greenleaf et al., 2016). However, this overlooks the fact that, in actual consumer experiences, even nominal surcharges can trigger strong negative responses, such as negative reviews on social media, complaints, or even legal disputes. For example, it is reported that a consumer filed a lawsuit against a restaurant group over a 24-cent “COVID-19 surcharge,” claiming the fee was deceptive (Mercado, 2022). This case illustrates that while the surcharge amount may be negligible, consumer reactions can be disproportionately intense.

In the present research, we examine the influence of small surcharges on consumer responses. We specifically focus on whether and how such small surcharges affect consumer perceptions and behavioral intentions. Building on prior research on price fairness (Maxwell, 2002; Xia et al., 2004), we show that even a surcharge of a small magnitude can substantially decrease perceived fairness and lead to negative consumer responses such as lower engagement with advertisements and decreased revisit intention. Noting that relatively little attention has been given to the underlying factors driving surcharge effects, we further identify relationship norms, specifically the violation of communal norms (Clark & Mills, 1979, 1993), as the underlying process. Specifically, we demonstrate that consumers respond negatively to surcharges on complimentary items because such charges violate communal expectations that these items should be provided as gestures of goodwill.

We make the following contributions. First, we extend research on partitioned pricing and surcharges by showing that even minimal surcharges on complimentary items can negatively affect consumer responses. Prior research on partitioned pricing suggests that small surcharges are often ignored or may even increase demand because they blend into the total price (Morwitz et al., 1998; Chakravarti et al., 2002), with negative effects emerging mainly when surcharges are large relative to the base price (Sheng et al., 2007). Our findings challenge this view by demonstrating that even a one-cent surcharge on a complimentary item can trigger strong negative reactions, despite its negligible financial magnitude. Second, we contribute to price fairness research by advancing norm-based fairness theory, a dimension that has received limited empirical examination in pricing contexts (Xia et al., 2004). Specifically, we show that surcharges on complimentary items can reduce perceived fairness even when the amounts are small because they violate communal expectations that such items should be provided as

gestures of goodwill toward consumers. Third, we introduce communal norm violation as a key psychological mechanism through which surcharges shape consumer responses, thereby extending research on relationship norms in consumer and marketing contexts (Aggarwal & Larrick, 2012).

## **2. Literature Review**

### *2.1. The Impact of the Surcharge*

A surcharge or add-on fee is an additional charge imposed over and above the base price, often newly introduced or applied to services that were previously provided for free (Burman et al., 2024; Pallas et al., 2018). Different industries impose various types of surcharges to cover their costs. For example, airlines charge separate fees for baggage, priority boarding, extra legroom, reservations, and cancellations (Tuzovic et al., 2014). Hotels charge fees for housekeeping, room service trays, internet access, towel service, and bellhop services (Martin, 2011). Banks charge fees related to paper statements and debit cards (Bernard & Protes, 2011). Prior research examines the impact of these surcharges in various consumer contexts. For example, sales taxes have been studied in the retail context (Chetty et al., 2009; Xia & Monroe, 2004), shipping and handling fees in the online shopping context (Brown et al., 2010; Clark & Ward, 2008), and tips in the service context (Berry & Hoffman, 2023).

One line of research on these surcharges focuses on their effects by comparing two distinct pricing strategies (Greenleaf et al., 2016). This stream of research primarily examines consumers' perceptions and demands by comparing partitioned pricing (i.e., presenting the total price as a base price plus one or more surcharges) and all-inclusive pricing (i.e., total pricing encompassing the base price and surcharges). Partitioned pricing has been shown to decrease

perceived total cost and enhance consumers' willingness to pay and demand (Greenleaf et al., 2016; Kim & Kachersky, 2006; Morwitz et al., 1998). The partitioned pricing strategy is particularly effective when surcharges are small in magnitude and thus less salient (Kim & Kachersky, 2006) or when the mental processing costs outweigh the benefits (Morwitz et al., 1998), drawing little attention from consumers (Bertini & Wathieu, 2008).

However, when the magnitude of the surcharge is substantial compared to the base price (e.g., 20% of the total price, Chu et al., 2020), partitioned pricing loses its effectiveness and can even backfire, leading to decreased perceptions of fairness, purchase intention, or an increased intention to retaliate (Kim & Kachersky, 2006; Sheng et al., 2007; Xia & Monroe, 2004). This line of research demonstrates that, while significantly large surcharges have a negative impact on consumers' perceptions and demand, small surcharges do not elicit the same adverse reactions. Surcharges are often perceived even more favorably when explicitly presented, as in partitioned pricing, as opposed to being hidden within an all-inclusive pricing structure. Overall, existing research on surcharges indicates that consumers typically respond unfavorably to substantial surcharges but may not have the same reaction to those of a smaller magnitude.

## *2.2. Perceived Fairness*

Perceived fairness refers to consumers' assessment of the reasonableness, acceptability, and justification of an outcome and/or transaction process (Bolton et al., 2003; Xia et al., 2004). Xia et al. (2004), in their conceptual framework, proposed four factors that influence consumers' perceptions of price fairness. The first, transaction similarity and choice of comparison party, defines the comparative context, namely, how closely the current charge aligns with prices paid elsewhere or in prior transactions, and whose prices serve as the reference. The more closely the

new fee matches these benchmarks, the fairer it appears. For example, when a new price equals the previous one, consumers judge it fair; when it substantially exceeds that prior price, they consider it unfair. This principle explains why perceptions of unfairness and negative reactions intensify as surcharge magnitude grows. Importantly, previous research on price fairness has typically focused on price changes or surcharges of large magnitude. For example, Maxwell (2002) examined a scenario in which the actual price was \$70 higher than the expected price of \$310, which equated to a 20% surcharge. Similarly, Chu et al. (2020) used a surcharge level of 20% as a benchmark when they asked participants to evaluate the fairness of surcharges collected in various industries (e.g., an airline ticket priced at \$300 with an additional seat selection fee of \$60). In the context of partitioned pricing, Sheng et al. (2007) investigated the perception of fairness regarding \$9.00 in shipping and handling fees when the base price was either \$7.90 or \$49.90, leading to surcharge levels of 114% and 18%, respectively. Overall, previous research indicates that consumers tend to consider sizable surcharges unfair and respond unfavorably.

The second factor, procedural transparency, concerns the degree to which consumers understand why a price has changed, particularly whether surcharges reflect genuine cost increases and how much control the seller exerts over those costs. When cost explanations are absent and firms seem to derive excessive profits, consumers judge the price as unfair (Bechwati et al., 2009; Campbell, 1999; Kahneman et al., 1986b). In contrast, when a price increase can be clearly attributed to external, uncontrollable factors, such as rising material or fuel costs, fairness perceptions improve (Vaidyanathan & Aggarwal, 2003). Consistent with this, Sheng et al. (2007) show that labeling an identical add-on as “shipping and handling” yields higher fairness ratings than calling it a “surcharge.” Similarly, fees attributed internally to seller motives are viewed

more harshly than those linked to external causes (Pallas et al., 2018). Finally, when marketers explicitly disclaim responsibility for an added fee, consumers perceive the overall price as more attractive and justifiable (Bambauer-Sachse & Mangold, 2010).

The third factor concerns the buyer–seller relationship, specifically the level of trust consumers place in the seller. Trust typically accumulates through positive past interactions but can also be signaled by reputation cues such as online reviews. For instance, Cheema (2008) shows that a \$9 surcharge on a \$29.50 base price (i.e., 38%) reduces purchase likelihood only when seller reputation is low (vs. high). Likewise, Goenka and Bagchi (2025) find that framing surcharge proceeds as benefiting the firm’s internal stakeholders (versus external causes) undermines seller trustworthiness and depresses purchase intentions. Although these studies do not directly assess price fairness perceptions, they provide indirect evidence that stronger buyer–seller relationships buffer consumers against perceived unfairness, likely by leading them to ascribe more legitimate motives to the surcharge.

The fourth factor concerns consumers’ overarching beliefs about a seller’s pricing philosophy, which are formed over time through observed, industry-specific practices. These unwritten rules and meta-knowledge of customary fees establish a baseline fairness benchmark even before any single transaction occurs<sup>1</sup> (Xia et al., 2004). Such benchmarks may derive from a variety of sources: personal transaction histories (e.g., prior ride-hailing fares or subscription fees), category-specific comparisons (e.g., convenience surcharges in food delivery versus emergency plumbing charges), industry conventions (e.g., resort fees in hospitality or fuel surcharges in aviation), or regional market practices (e.g., credit-card processing fees in North America versus Europe). By situating each surcharge within these heterogeneous reference

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<sup>1</sup> This distinction highlights the key difference between the first and the fourth factors: The first is tied to a specific transaction, whereas the fourth operates at a broader, context-independent level.

points, consumers generate systematic judgments about whether a given charge is warranted or excessive. Existing research has loosely termed these benchmarks “norms,” reflecting the idea that people evaluate prices against what is widely accepted in a particular context (Chu et al., 2020; Hamilton & Srivastava, 2008; Redden et al., 2007; Xia & Monroe, 2004). The foundational premise in the price unfairness literature is that perceived unfairness arises when the observed price significantly deviates, typically to the consumer’s detriment, from their expected price, a phenomenon described as a violation of expectation.

Numerous studies have reported that perceived unfairness negatively affects consumers’ attitudes and behavior, leading to an unfavorable outcome including reduced purchase intentions (Campbell, 1999; Chen et al., 2018; Fram & Callahan, 2001; Robbert, 2015), perceived trustworthiness (Homburg et al., 2014; Xia & Monroe, 2004), consumer satisfaction (Tax et al., 1998), intention to build long-term relationships (Thaler, 1985), and increased engagement with negative word-of-mouth (Blodgett et al., 1993; Lee et al., 2021; Noone, 2012). Taken together, previous research highlights the critical role of fairness perceptions in shaping consumer attitudes and behaviors, particularly in pricing practices.

Additionally, previous research has examined various moderators that weaken or strengthen the impact of surcharges on purchase intention (presumably by shaping unfairness perceptions). Interestingly, the bulk of existing moderators fall into one of the first three factors (see Web Appendix A). However, the last factor, often labeled as “norms,” seems to have gone largely unexamined in surcharge research because it was taken for granted and may be shaped by a multitude of influences and can differ from one individual or transaction context to another. Yet, the specific benchmarks or norms consumers apply can profoundly alter fairness judgments of identical surcharges. Moreover, little research has explored how fairness perceptions operate

when surcharges are minimal, particularly nominal fees imposed on complimentary items. In the present research, we attempt to bridge this gap by examining how nominal surcharges on complimentary items influence consumer perceptions and behavioral intentions.

### **3. Hypotheses**

#### *3.1. Small Surcharge and Consumer Reaction*

We propose that imposing a nominal surcharge on a complimentary item can trigger negative reactions. This occurs because even a small surcharge violates consumers' normative expectations that such items should be provided free of charge. As a result, consumers are likely to perceive such a surcharge as low in fairness and reduce their willingness to engage with the business. When evaluating a price change, consumers assess not only the magnitude of the increase but also whether it aligns with established norms. When there is a mismatch between an internal reference price formed based on the objective status quo (e.g., prior experience) and the actual price, consumers infer that businesses do not conform to the rules. Such perception triggers an attribution process for consumers, which is often done in a self-serving way (Chung & Petrick, 2013; Heider, 1958; Xia et al., 2004). Thus, unless there is evidence to believe otherwise, consumers tend to assume that service companies have changed the price out of their self-interest, leading to negative fairness perceptions (Xia et al., 2004).

We propose that even a surcharge of minimal magnitude can significantly undermine fairness perceptions and trigger negative consumer responses. Normatively, the reference price for surcharges on complimentary services is set at zero, as consumers generally expect such services to be provided free of charge, with some exceptions such as certain types of surcharges that have been in place for a while (e.g., shipping fees by online retail, sales tax in certain

countries). As repeated behaviors by many people become established as social norms (Opp, 1982), charging even a small amount for items that are typically considered free becomes unexpected and is likely to be perceived as a norm violation. The perception of unexpectedness is not only determined by the discrepancy between the expected and actual outcomes (i.e., the magnitude of the price increase) but also by the novelty of the outcome (i.e., consistency of prior events; Teigen & Keren, 2003). Thus, newly introduced surcharges on complimentary items, though small, can still be considered unexpected and against the norm, leading to perceived unfairness.

As a result of negative fairness perceptions, even a small surcharge on a complimentary item is likely to trigger a negative reaction. Consumers do not tolerate pricing practices that go against the existing pricing structure (Chung & Petrick, 2013; Maxwell, 2002; McCarville et al., 1996). Perceived unfairness can lead to anger, negative word-of-mouth, and reduce patronage (Tuzovic et al., 2014; Xia et al., 2004). Even a minor violation of pricing norms can result in significant backlash, including punitive actions from consumers (Bambauer-Sachse & Young, 2024). Accordingly, we predict that introducing a small surcharge on a complimentary item will elicit negative consumer responses.

**H1:** A small surcharge on a complimentary item will trigger negative consumer reactions compared to when no additional fees are introduced, even when the total price remains the same.

### *3.2. Violation of Communal Norms*

We suggest that relationship norms underlie the negative impact of small surcharges on

consumer responses. Specifically, we propose that the negative effect occurs because consumers perceive imposing surcharges on previously complimentary items as a violation of communal norms. Prior research distinguishes between two types of relationships: exchange relationships and communal relationships (Clark & Mills, 1979, 1993). A fundamental distinction lies in the motivation for providing benefits to others. In exchange relationships, individuals give benefits in order to receive comparable repayment in return; each party is expected to look after their own interests, much like interactions with strangers or business partners. In contrast, in communal relationships, individuals provide benefits out of genuine concern for others, without expecting monetary payment for their action, as in relationships with family members, romantic partners, or close friends (Clark & Mills, 1979, 1993; Mills & Clark, 1982).

Building on this distinction between relationship types, prior research has shown that the corresponding norms shape how consumers perceive and respond to brands or sellers (Aggarwal, 2004a, 2004b; Aggarwal & Law, 2005; Aggarwal & Zhang, 2006; Chen et al., 2018). Consumers evaluate brands more negatively when brand actions violate the salient relationship norm than when they are consistent with it (Aggarwal, 2004b). Relationship norms also shape perceptions of pricing fairness. Chen et al. (2018) show that consumers in collectivistic cultures, where communal norms are more salient, judged asymmetric pricing (i.e., raising prices when costs increase but not lowering them when costs decrease) as more unfair than consumers in individualistic cultures, where exchange norms dominate. This is because such pricing is consistent with exchange norms, which allow each party to pursue its own goals even at the expense of the other, but conflicts with communal norms, which expect each party to act out of genuine concern for the other without seeking compensation.

Although one relationship type typically predominates, individuals may engage in both

types with the same partner depending on the context (Clark & Jordan, 2002). In business-consumer relationships, consumers may alternate between communal and exchange expectations toward the same firm. While exchange relationships are common in the marketplace, research shows that consumers may also expect communal relationships with brands or service providers (Aggarwal, 2004b; Chen et al., 2018). Defined as “given free as a courtesy or favor,” complimentary items often serve as signals of goodwill within otherwise transactional relationships. By offering a benefit at no cost and without an expectation of immediate return, firms temporarily suspend market-pricing logic and highlight benevolence and care, which are the hallmarks of communal norms (Clark & Mills, 1979; Aggarwal, 2004b). When repeated, such practices encourage customers to view complimentary items through the lens of communal norms, given as a sign of genuine concern rather than as part of a quid pro quo, within relationships that are otherwise exchange-oriented.

Introducing a surcharge to a previously complimentary item can signal that the firm is no longer upholding communal norms, instead pursuing its own benefit even in contexts where consumers expect genuine care. Even at a nominal cost, such charges may be taken as an intrusion of market exchange logic into a communal domain, making them feel inappropriate and out of place. Consistent with this view, McGraw and Tetlock (2005) show that when market exchange norms intrude into contexts usually governed by relational norms, people experience moral outrage and cognitive discomfort, perceiving such actions as normatively inappropriate. Similarly, Chen et al. (2018) find that when communal norms are salient, consumers expect firms to act benevolently and thus perceive pricing strategies that pursue self-interest as less fair. It is worth noting that, because pursuing one’s own interest is expected in exchange relationships, introducing a surcharge would not constitute a violation of exchange norms. Based on this

reasoning, we propose the following hypothesis:

**H2:** The negative impact of a small surcharge on consumer reactions will be mediated by perceived violation of communal norms.

We test our hypotheses through a series of five studies in restaurant contexts. Study 1 tests our primary hypothesis by assessing whether a nominal surcharge influences consumers' engagement in real-world field settings. Studies 2 through 5 employ scenario-based experiments. Study 2 investigates whether a surcharge as small as one cent decreases consumers' intention to revisit a restaurant. Study 3 tests the robustness of the focal effect by replicating our findings across different scenarios. Study 4 examines our theoretical proposition that the violation of communal norms is the key mechanism driving the observed effect using a moderation design. Study 5 further assesses this mechanism through measured mediation.

We conducted our studies across a variety of online platforms, including Amazon Mechanical Turk (MTurk) via CloudResearch (Study 2), Connect (Studies 3, 4, and 5), as well as Instagram's digital advertising platform (Study 1). In all online studies, we aimed for a targeted number of at least 50-100 participants per condition (Goldsmith et al., 2018; Simmons et al., 2011). All data collection was conducted between June 2021 and January 2026.

Prior to conducting the main studies, we conducted a pretest to identify a proper context for testing our hypotheses. We recruited 40 participants ( $M_{age} = 41.18$ ,  $SD = 11.58$ ; 40% female) on MTurk via CloudResearch. We asked them to rate their perceived unexpectedness (*How unexpected would it be if a restaurant asked you to pay for the following item?* [1 = not at all, 7 = very much]) and perceived norm-violation (*How inappropriate would it be if a restaurant asked*

*you to pay for the following item?* [1 = not at all, 7 = very much]; Narwal & Nayak, 2019) for different types of surcharges in a restaurant context. Results indicated that consumers perceived surcharges on food condiments such as wasabi or ketchup as both unexpected, relative to the midpoint of 4 on a 7-point scale ( $M = 5.75$ ,  $SD = 1.95$ ;  $t(39) = 5.69$ ,  $p < .001$ ) and norm-violating ( $M = 6.03$ ,  $SD = 1.51$ ;  $t(39) = 8.48$ ,  $p < .001$ ; Table 1), supporting our use of these items as the surcharged items in our main studies.

**\*\* Insert Table 1 about here \*\***

#### **4. Study 1**

In our first study, we aim to test our hypothesis that imposing a small surcharge (relative to no surcharge) will lead to more negative consumer reactions. To address this, we conduct a field experiment using a between-subjects design. Leveraging Instagram's digital advertising platform (Boegershausen et al., 2025; Orazi & Johnston, 2020), this study situates our investigation in an ecologically valid context by capturing actual consumer behavior in a real-market environment. Specifically, we examine whether the presence of a nominal surcharge message in an advertisement affects consumer engagement, as measured by click-through rates (CTR).

##### *4.1. Method*

We implemented an A/B test campaign using Instagram Ads targeting consumers in the United Kingdom. Two versions of an advertisement promoting the opening of a new sushi restaurant were created. The advertisement in the control condition presented a standard

promotional message (“Sushi Oishi opening soon – Sushi set from £9.99”), whereas the advertisement in the surcharge condition included a nominal surcharge disclosure (“Sushi Oishi opening soon – Sushi set from £9.99 (Wasabi charges apply)”); see Appendix A for stimuli). These ads were randomly distributed to users through the platform’s bidding algorithm, ensuring balanced exposure across conditions. Campaign performance was tracked using CTR, calculated as the number of ad clicks divided by the number of impressions (i.e., the number of times the ad was shown).

Although the specific amount of the wasabi surcharge was not disclosed, we assumed that consumers would reasonably infer it to be small, as wasabi is typically perceived as an accompanying condiment rather than a primary menu item. To test this assumption, we recruited 25 participants from Connect ( $M_{\text{age}} = 38.64$ ,  $SD = 12.01$ ; 36.0% female) for a posttest to verify our assumption that the wasabi surcharge would be perceived as small. Participants were shown the advertisement in the surcharge condition and asked to indicate their perception of the surcharge magnitude on two items: “How large do you expect the wasabi charge to be at this restaurant?” (1 = Very small, 7 = Very large) and “How significant do you expect the wasabi surcharge to be at this restaurant?” (1 = Not significant at all, 7 = Very significant). As predicted, one-sample t-tests comparing responses to the midpoint of 4 on a 7-point scale confirmed that participants perceived the surcharge as relatively small ( $M = 2.92$ ,  $SD = 1.04$ ;  $t(24) = -5.20$ ,  $p < .001$ ) and insignificant ( $M = 3.12$ ,  $SD = 1.42$ ;  $t(24) = -3.09$ ,  $p = .005$ ). In addition, in an open-ended question, participants estimated the surcharge to be approximately £1.00 on average ( $M = 1.02$ ,  $SD = 0.84$ ).

#### 4.2. Results

The Instagram ads campaign was active for seven days and yielded a total of 49,115 impressions and 2,387 clicks across both conditions. Specifically, the advertisement in the control condition received 25,662 impressions and 1,300 clicks, while the advertisement in the surcharge condition received 23,453 impressions and 1,087 clicks. As predicted, we found that the ad featuring the surcharge disclosure elicited a significantly lower CTR compared to the control condition ( $CTR_{\text{control}} = 5.07\%$  vs.  $CTR_{\text{surcharge}} = 4.63\%$ ;  $\chi^2 = 4.48$ ,  $p = .034$ ,  $\phi = .10$ ). These results offer initial empirical support for our hypothesis that introducing a minor surcharge on a complimentary item can have a substantial negative impact on behavioral intentions.

## 5. Study 2

We aim to replicate the findings of Study 1 in a controlled experimental setting with even smaller surcharge amounts. We gradually decrease the surcharge amount from \$1 to \$0.01 and compare it with a scenario where there is no surcharge (\$0), while maintaining a constant base price. Thus, this study provides a more conservative test of the impact of a small surcharge. Additionally, compared to Study 1, this study employs two different measures (i.e., consumers' intention to revisit a restaurant and perceived fairness) to enhance the generalizability of our findings.

### 5.1. Method

We recruited 504 participants ( $M_{\text{age}} = 38.62$ ,  $SD = 12.34$ ; 53.4% female) from MTurk via CloudResearch and randomly assigned them to conditions in a five-group between-subjects design (surcharge price: \$1, \$.50, \$.10, \$.01, or \$0). Participants read a scenario in which they envisioned visiting a new Japanese restaurant and running out of wasabi while dining. Upon

requesting an additional bowl, participants were told that the additional bowl would cost them either \$1, \$.50, \$.10, \$.01, and \$0, depending on their assigned condition. The base price was held constant at \$25, resulting in surcharge levels ranging from 4%, 2%, .4%, .04%, and 0% (Appendix A). Subsequently, participants rated their revisit intention (*How likely is it that you will visit the restaurant again?* [1 = very unlikely, 7 = very likely]) and perceived fairness (*How fair do you think the price of the wasabi is?*; *How fair do you think the restaurant's pricing policy is?* [1 = very unfair, 7 = very fair],  $r = .86$ ; Morales, 2005).

## 5.2. Results

As predicted, there was a significant main effect of surcharge price on revisit intention ( $F(4, 499) = 13.13, p < .001, \eta^2 = .095$ ). Revisit intention gradually decreased as the surcharge price increased from \$0 to \$1.00 ( $M_{\$0} = 6.38, SD = .93$  vs.  $M_{\$.01} = 5.80, SD = 1.41$  vs.  $M_{\$.10} = 5.62, SD = 1.49$  vs.  $M_{\$.50} = 5.24, SD = 1.39$  vs.  $M_{\$1} = 5.07, SD = 1.72$ ). Importantly, compared to when no surcharge was added, adding a \$0.01 surcharge reduced the revisit intention ( $M_{\$0} = 6.38$  vs.  $M_{\$.01} = 5.80$ , post hoc  $p = .033$ ; see Figure 1 for an illustration of the post hoc test).

We observed a similar pattern of results for perceived fairness ( $F(4, 499) = 25.68, p < .001, \eta^2 = .171$ ). Perceived fairness gradually decreased as the surcharge price increased from \$0 to \$1.00 ( $M_{\$0} = 6.49, SD = .93$  vs.  $M_{\$.01} = 5.85, SD = 1.48$  vs.  $M_{\$.10} = 5.63, SD = 1.71$  vs.  $M_{\$.50} = 4.97, SD = 1.56$  vs.  $M_{\$1} = 4.45, SD = 1.91$ ). As with revisit intention, the addition of a \$.01 surcharge decreased perceived fairness compared to when no surcharge was added ( $M_{\$0} = 6.49$  vs.  $M_{\$.01} = 5.85$ , post hoc  $p = .032$ ; Figure 1).

Taken together, these findings support our hypothesis that even a nominal surcharge on a complimentary item can negatively affect consumer responses. By showing that a surcharge as

small as one cent can significantly decrease revisit intention and fairness perception, Study 2 offers strong empirical evidence for the negative impact of minor surcharges.

**\*\* Insert Figure 1 about here \*\***

## **6. Study 3**

While our previous studies supported the proposed negative impact of a minimal surcharge, we examined only a limited set of conditions, such as requiring participants to accept the surcharged item or disclosing the surcharge later in the service process. As such, one might question whether the effect generalizes beyond these specific contexts. To address this concern, this study aims to further reinforce the robustness of the effect by systematically varying key features of the experimental context. First, unlike the previous studies where participants were not given the option to forgo ordering the surcharged item, this study allows them to choose whether to order the surcharged item. Second, we examine whether the effect exists when the surcharge is applied to an initial item rather than an additional item. Third, we test whether informing consumers of the surcharge upfront rather than mid-service also affects revisit intention. Through these variations, we aim to provide stronger evidence for the robustness of the proposed effect across a broader range of contexts. We note that this study holds the total price constant across conditions to address a limitation of the previous studies, where surcharge conditions resulted in higher overall prices.

### *6.1. Method*

We recruited 195 participants ( $M_{\text{age}} = 39.69$ ,  $SD = 12.78$ ; 47.7% female) from Connect

and assigned them to one of three conditions in a between-subjects design: \$1 surcharge accepted vs. \$1 surcharge refused vs. no surcharge conditions. Participants were instructed to imagine visiting a burger restaurant and placing an order for a signature burger set.

In the \$1 surcharge accepted condition, participants were informed that sauces for fries were available for an additional \$1 and chose to order ketchup and paid a total of \$25 (\$24 for the burger set and \$1 for the ketchup). In the \$1 surcharge refused condition, participants were similarly informed of the \$1 surcharge for the sauce but chose not to order it, paying \$25. In the no surcharge condition, no additional charge for the sauce was mentioned, and participants were told that they paid \$25 (Appendix A). Subsequently, participants indicated their revisit intention.

## 6.2. Results

A one-way ANOVA revealed a significant main effect of surcharge condition on revisit intention ( $F(2, 192) = 8.94, p < .001, \eta^2 = .085$ ). Participants in both the \$1 surcharge accepted ( $M = 3.86, SD = 1.89$ ) and \$1 surcharge refused ( $M = 3.85, SD = 2.04$ ) conditions reported significantly lower revisit intention than those in the no surcharge condition ( $M = 5.06, SD = 1.72$ ; post hoc  $ps < .001$ ). No significant difference was found between the two surcharge conditions, suggesting that the pricing effect is robust regardless of whether the surcharge item was accepted or refused (Figure 2). These results show that the proposed negative impact of a minimal surcharge on revisit intention persists across a broad range of contexts, thereby reinforcing the robustness of the effect.

**\*\* Insert Figure 2 about here \*\***

## 7. Study 4

Having established that surcharges on complimentary items negatively affect consumer

responses, this study further tests whether communal norm violation serves as the underlying mechanism through a moderation-of-process design (Spencer et al., 2005). We theorize that this negative impact arises because surcharges are perceived as violating communal expectations that complimentary items should be offered as a gesture of goodwill rather than as a means of self-interest. To evaluate this account, we examine whether relationship norms moderate the effect of surcharges on revisit intention. We predict that under communal norms, the negative effect of a surcharge will persist, as introducing a surcharge on complimentary items is seen as a breach of communal expectations. Under exchange norms, however, this effect should weaken or disappear, since consumers recognize that restaurants are expected to pursue their own interests in line with market logic.

### *7.1. Method*

We recruited 200 participants ( $M_{\text{age}} = 39.77$ ,  $SD = 13.71$ ; 45.0% female) from Connect and assigned them to conditions in a 2 (surcharge price: \$.50 vs. \$0)  $\times$  2 (relationship norms: communal vs. exchange) between-subjects design. To manipulate relationship norms, we asked participants to read a passage describing either communal or exchange norms. In the communal norm condition, participants read that relationships function best “when people base their interactions on genuine care for others, giving without expecting anything in return.” In the exchange norm condition, participants read that relationships work best “when people base their interactions on a quid pro quo basis, looking after their self-interest while balancing the give and take” (see Appendix A for the full text).

Next, participants read a brief description of a local Japanese restaurant. In the \$.50 surcharge condition, participants were informed that the restaurant had recently introduced a

\$0.50 surcharge for a bowl of wasabi and were asked to imagine dining there, paying \$25 for the meal plus an additional \$0.50 charge for the wasabi. In the \$0 surcharge condition, no mention of a wasabi surcharge was made, and participants imagined paying \$25.50 in total (see Appendix A). Finally, participants reported their revisit intention using the same measure as in the previous studies.

**\*\* Insert Figure 3 about here \*\***

## 7.2. Results

The analysis revealed a significant main effect of surcharge price ( $F(1, 196) = 5.71, p = .018$ ), such that participants in the \$0.50 surcharge condition reported lower revisit intention ( $M = 4.85, SD = 1.36$ ) than those in the \$0 surcharge condition ( $M = 5.31, SD = 1.36$ ).

Additionally, there was a significant main effect of relationship norm on revisit intention ( $F(1, 196) = 5.21, p = .024$ ), indicating that participants in the exchange norm condition reported higher revisit intention ( $M = 5.30, SD = 1.24$ ) compared to those in the communal norm condition ( $M = 4.86, SD = 1.48$ ).

More importantly, a significant interaction effect between relationship norm and surcharge price emerged ( $F(1, 196) = 4.12, p = .044$ ; Figure 3). Specifically, in the communal norm condition, the \$0.50 surcharge significantly lowered revisit intention compared to the \$0 surcharge condition ( $M_{\$0.50} = 4.45, SD = 1.36$  vs.  $M_{\$0} = 5.29, SD = 1.05, F(1, 196) = 9.77, p = .002, \eta^2 = .047$ ). However, in the exchange norm condition, the effect of the surcharge was mitigated, with revisit intention remaining the same across the surcharge conditions ( $M_{\$0.50} = 5.27, SD = 1.24$  vs.  $M_{\$0} = 5.33, SD = 1.24, F(1, 196) = .07, p = .799, \eta^2 = .000$ ). The interaction

confirms our prediction that the negative impact of surcharge is driven by communal norm violation.

## 8. Study 5

We aim to replicate the findings of Study 4 with two extensions. First, we directly test the underlying mechanism driving the negative effects of surcharges by employing a scale measuring perceived communal norm violation. Second, we seek to generalize our findings by using perceived fairness as the dependent variable. We predict that perceived communal norm violation accounts for the negative effects of surcharges on perceived fairness. This study was preregistered (<https://aspredicted.org/m4yy9s.pdf>).

### 8.1. Method

We recruited 140 participants ( $M_{\text{age}} = 40.74$ ,  $SD = 12.97$ ; 50.7% female) from Connect and assigned them to conditions in a two-group between-subjects design (surcharge: yes vs. no). Participants read a brief description of a visit to a local burger restaurant. In the surcharge condition, they were charged \$0.50 for ketchup, whereas in the control condition, ketchup was provided at no cost. In both conditions, the total bill was \$25.50 (see Appendix A). Participants then completed a two-item measure of communal norm violation (*The restaurant put profits ahead of its relationship with customers; The restaurant did not act out of genuine care for its customers* [1 = strongly disagree, 7 = strongly agree],  $r = .76$ ). Next, they completed a two-item measure of perceived fairness as in Study 2 (*How fair do you think the price of ketchup is?; How fair do you think the restaurant's pricing policy is?* [1 = very unfair, 7 = very fair],  $r = .79$ ).

### 8.2. Results

Consistent with the results of the previous studies, an independent-samples t-test revealed that participants in the surcharge condition ( $M = 2.69$ ,  $SD = 1.60$ ) perceived the restaurant's pricing as significantly less fair than those in the no-surcharge condition ( $M = 5.19$ ,  $SD = 1.37$ ,  $t(138) = 9.93$ ,  $p < .001$ , Cohen's  $d = 1.68$ ). Also, as predicted, participants in the surcharge condition ( $M = 4.83$ ,  $SD = 1.55$ ) reported significantly higher communal norm violation than those in the no-surcharge condition ( $M = 3.68$ ,  $SD = 1.39$ ;  $t(138) = -4.63$ ,  $p < .001$ , Cohen's  $d = -.78$ ). The results are illustrated in Figure 4.

**\*\* Insert Figure 4 about here \*\***

To test whether communal norm violation mediated the effect of surcharge on perceived fairness, we conducted a mediation analysis using PROCESS Model 4 with 5,000 bootstrap resamples (Hayes, 2018). The indirect effect through communal norm violation was significant (indirect effect =  $-.60$ ,  $SE = .17$ , 95% CI $[-.967, -.295]$ ). The direct effect of surcharge on perceived fairness remained significant ( $b = -1.90$ ,  $SE = .23$ , 95% CI $[-2.356, -1.437]$ ), indicating partial mediation. The results appear in Figure 4. These results indicate that the surcharge reduced fairness perceptions by increasing perceptions of communal norm violation, providing support for our hypothesis.

## **9. General Discussion**

### *9.1. Summary of Findings*

Using five studies in the restaurant context, we demonstrate consistent evidence that even a small surcharge on a complimentary item can diminish perceived fairness and consumer

behavioral intentions. In particular, in the context of restaurant advertising, an advertisement featuring a small surcharge (vs. no surcharge) led to lower consumer engagement, as evidenced by reduced click-through rates (Study 1). Extending these findings, Study 2 employed a scenario-based experiment and measured revisit intention and perceived fairness. The results showed that even a one-cent surcharge, compared to no surcharge, significantly decreased both revisit intention and perceived fairness.

Study 3 provided further evidence that the presence of a small surcharge on a complimentary item, regardless of whether consumers chose to order the item, reduced their intention to revisit the restaurant. Studies 4 and 5 demonstrated that the negative impact of small surcharges is driven by consumers' perception of violation of communal norms. Specifically, Study 4 employed a moderation-of-process design to test the role of relationship norms. The negative responses observed in the previous studies were replicated under the communal norm condition. However, the negative effect of surcharges was mitigated when exchange norms were activated. Study 5 further replicated these findings by demonstrating that perceived violation of communal norms mediated the negative effect. Taken together, these findings highlight that the perception of norm violation is central to consumers' negative responses to surcharges on complimentary items.

## *9.2. Theoretical Contributions*

We first contribute to the literature on partitioned pricing and surcharges by examining an overlooked factor: the role of consumers' knowledge, beliefs, and social norms in shaping responses to surcharges. Previous research has shown that small surcharges are often discounted or even increase purchase intentions because they are economically negligible, less salient, and

easily assimilated into the total price (Morwitz et al., 1998; Greenleaf et al. 2016). These studies have explained consumer reactions primarily through economic or cognitive mechanisms, such as mental accounting or cost-benefit calculation. However, our review (Web Appendix A) reveals that only a few studies address norm-related factors, and none examine nominal surcharges applied to items traditionally viewed as complimentary. We fill this gap by demonstrating that even a one-cent surcharge on a complimentary item can provoke strong negative reactions, not because of its financial cost, but because it violates communal norms and expectations of goodwill. By examining the impact of surcharges that are economically trivial yet norm-violating, we show how communal expectations fundamentally shape consumer responses. In doing so, our research identifies social norms as a boundary condition for surcharge (or partitioned pricing) effects and offers a new theoretical lens for understanding when and why small surcharges provoke disproportionately negative responses.

Next, our research contributes to the price fairness literature by addressing an overlooked context in prior work. Whereas existing studies have primarily examined fairness responses to substantial price increases (e.g., Maxwell, 2002), we show that even nominal surcharges on complimentary items can reduce perceived fairness, despite their negligible economic magnitude, because such charges violate communal norms that such items should be offered out of general concern for consumers. This result extends existing theories of price fairness by demonstrating that unfairness perceptions can arise even when price deviations are economically trivial. It is also difficult to reconcile with traditional price fairness theories such as the dual entitlement principle (Kahneman et al., 1986a), which holds that buyers are entitled to a reasonable price while sellers are entitled to a reasonable profit, and therefore predicts that economically trivial surcharges should not meaningfully disrupt perceived fairness.

Finally, our research builds on prior work on relationship types (Aggarwal 2004a, 2004b; Aggarwal & Larrick, 2012; Clark & Mills, 1993) and pricing fairness (Chen et al., 2018), which demonstrates that consumer responses are shaped by whether firms adhere to or violate prevailing relationship norms. By focusing on the case of surcharges on previously complimentary items, our findings extend this literature by showing that such practices trigger a perceived violation of communal norms, which in turn serves as the underlying psychological mechanism driving their negative impact. In this way, we position relationship norms as a central explanatory process in understanding consumer responses to pricing.

### *9.3. Managerial Implications*

Our research offers important managerial implications. Service providers should exercise caution when considering the imposition of surcharges, even when the amount appears small, particularly when the service is typically expected to be included in the price or offered as a complimentary benefit. As our findings demonstrate, even a surcharge as low as one cent had a noticeable negative impact on customers' intention to revisit. Such results suggest that service providers may ultimately lose more than they gain by implementing these surcharges.

Our findings also offer managerial insights into how service providers can better understand and respond to the negative effects of surcharges. First, the impact of introducing a surcharge may depend on the business's positioning: firms that emphasize close, relationship-oriented identities (e.g., a neighborhood café) may face stronger backlash, as such charges are more likely to be perceived as violating communal norms, compared with more transactional businesses (e.g., a restaurant in a financial district). Relatedly, businesses may mitigate the impact by avoiding positioning themselves as communal partners ("We serve you like family, not

just customers”) and instead framing themselves as exchange partners who provide fair service (“Every pound brings the taste you deserve”).

Although presenting a surcharge using exchange-oriented framing messages (“to maintain the quality of service in the face of rising costs”) may help, the effectiveness of such a strategy might be limited if customers already view their relationships with the restaurant as communal when it comes to complimentary items. A more effective approach is to actively reinforce the customer relationship after introducing a surcharge. Prior research shows that when outcomes are seen as distributively unfair, interactional fairness can lessen the negative effects of service failure, especially among consumers who adopt communal norms (Aggarwal, 2004a). Because communal norms may be particularly salient in the context of new surcharges, providers should use relationship-restoring strategies such as offering complimentary dishes or small extras, personalizing communication, and expressing care that reaffirms their commitment to the customer relationship.

Finally, rather than introducing a new surcharge, which may backfire, restaurants could consider incorporating the additional cost into the price of main dishes. In a follow-up study ( $N = 100$ ;  $M_{\text{age}} = 38.71$ ,  $SD = 13.27$ ; 56.0% female; Connect), we compared participants’ reaction to \$.50 surcharge on wasabi versus an equivalent price increase in the main menu item. Adapting the scenario used in Study 4, participants in the surcharge condition were told that the restaurant had recently decided to charge \$0.50 for a bowl of wasabi. In the price increase condition, they were told that the restaurant had decided to increase its prices by \$0.50 (for full scenarios, see Appendix A). In both conditions, the magnitude of the price change and the total cost to the customer were identical, and only the source of the price increase differed. Consistent with our overall findings, revisit intention was more negative in the surcharge condition ( $M = 4.68$ ,  $SD =$

1.53) than in the price increase condition ( $M = 5.54$ ,  $SD = 1.40$ ;  $F(1, 98) = 8.58$ ,  $p = .004$ ,  $\eta^2 = .080$ ). These results suggest that consumer reactions to price change are more sensitive to surcharges on traditionally complimentary items, which may be perceived as a violation of communal norms. From a managerial perspective, increasing the price of the main items throughout the restaurant menu may be more acceptable for consumers than introducing a separate surcharge.

#### *9.4. Limitations and Future Research*

First, it should be noted that the present research did not investigate the role of individual differences in how consumers react to a newly introduced surcharge. Prior research in related areas, such as partitioned pricing, has found that individual differences matter in the evaluation of surcharges. For example, ‘shipping charge skeptics’ pay more attention to surcharges because they believe firms attempt to profit from them (Schindler et al., 2005). Similarly, consumers’ pricing tactic persuasion knowledge may moderate the impact of minimal surcharges (Das et al., 2020). In addition, some consumers may be more communal than others, and cultural differences in the salience of communal norms have been shown to influence fairness perceptions (Chen et al., 2018). It is thus possible that certain individual characteristics could moderate the impact of a new surcharge on revisit intention.

Second, our research focused on measuring the immediate consequences of the introduction of a surcharge, and we cannot determine the long-term effects. In the long run, consumers may adjust to the new practice, and their negative reactions may diminish. Future research should explore how the negative impact of a surcharge evolves over time.

Third, in our experiments, participants were directly involved in the surcharge pricing

scenarios. However, consumers may sometimes encounter surcharge pricing that violates social norms without being in a position to consider paying for complimentary items. For example, they might notice a surcharge on ketchup while dining at a restaurant but only eating a salad, or they might come across a review mentioning a surcharge pricing policy. It would be interesting to explore whether mere observation, without direct involvement, influences consumer reactions.

Fourth, consumer responses to surcharges may also depend on the relational context of the industry. Restaurants often evoke relational expectations, as consumers associate dining with care, generosity, and ongoing relationship-building. In this context, adding a surcharge can be perceived as a stronger breach of communal norms. By contrast, banking is viewed in more transactional terms, where consumers primarily expect firms to act in line with exchange logic. This contrast suggests that the psychological impact of surcharges depends not only on their magnitude or framing but also on the type of relationship consumers expect with firms in a given sector.

Finally, our findings point to several nuances that suggest avenues for future research. While activating exchange norms mitigated the negative impact of surcharges in our experiments, shifting consumers' mindsets in real-world contexts may be more difficult, calling for more naturalistic approaches. Moreover, restaurants' practices may not always map neatly onto communal or exchange frames, for example charging for condiments while providing unusually generous portions, or introducing surcharges for functional reasons such as accounting needs. How consumers interpret and respond to such ambiguous practices remains an open empirical question.

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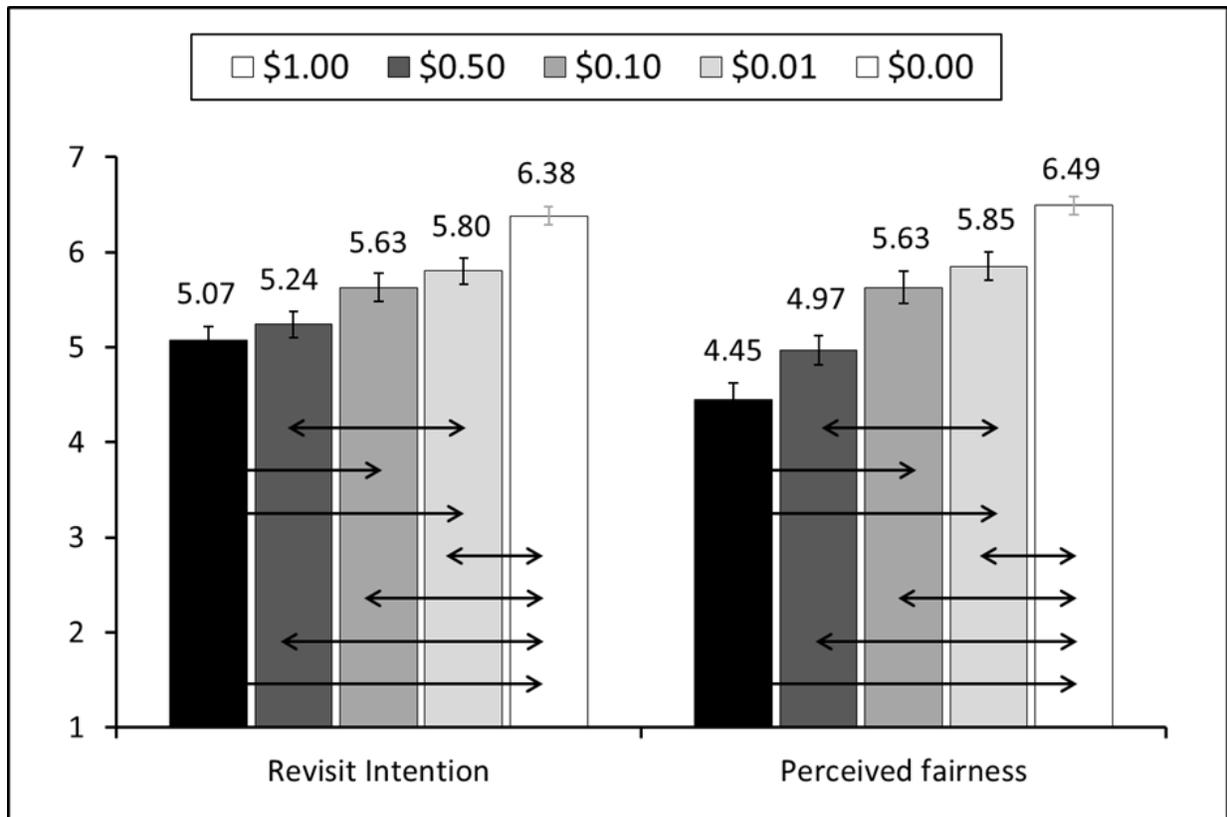
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**Table 1.****Perception of Surcharges in a Restaurant Context**

Surcharge Types	Unexpected		Norm-violating	
	<i>M</i>	SD	<i>M</i>	SD
Valet parking	3.18	1.76	2.90	1.99
Corkage fee	3.95	2.05	3.63	1.94
Credit card surcharge	4.40	1.93	4.85	1.94
Takeaway containers	5.82	1.96	6.05	1.65
Condiments (e.g., ketchup, wasabi)	5.75	1.95	6.02	1.51
"Adversity surcharge" to offset rising costs due to COVID-19	5.45	2.01	5.55	1.71
Surcharge for healthcare of employees	5.80	1.88	5.68	1.75
Holiday or peak time surcharge	5.40	1.58	5.08	1.86
Reservation fee	5.38	1.75	5.21	1.89

Figure 1.

## The Effect of Surcharge Price on Revisit Intention and Perceived Fairness (Study 2)

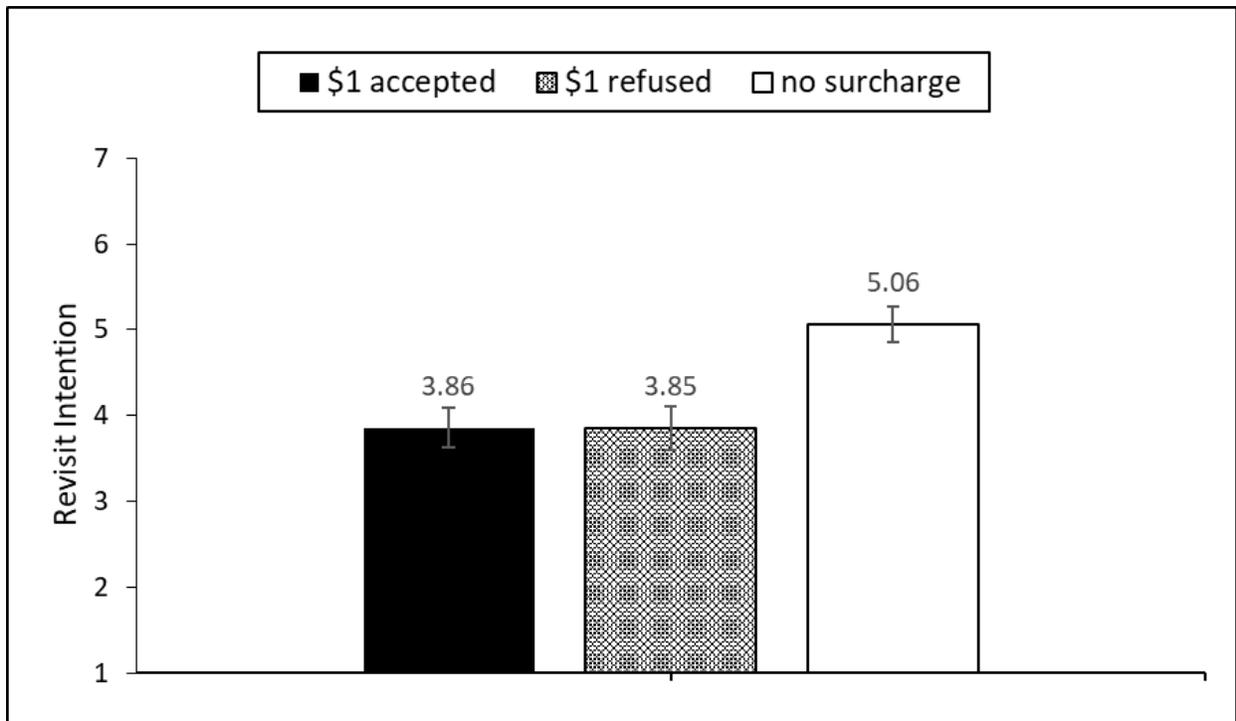


\*The error bars represent standard errors.

\*\* “↔” :  $p < .05$

Figure 2.

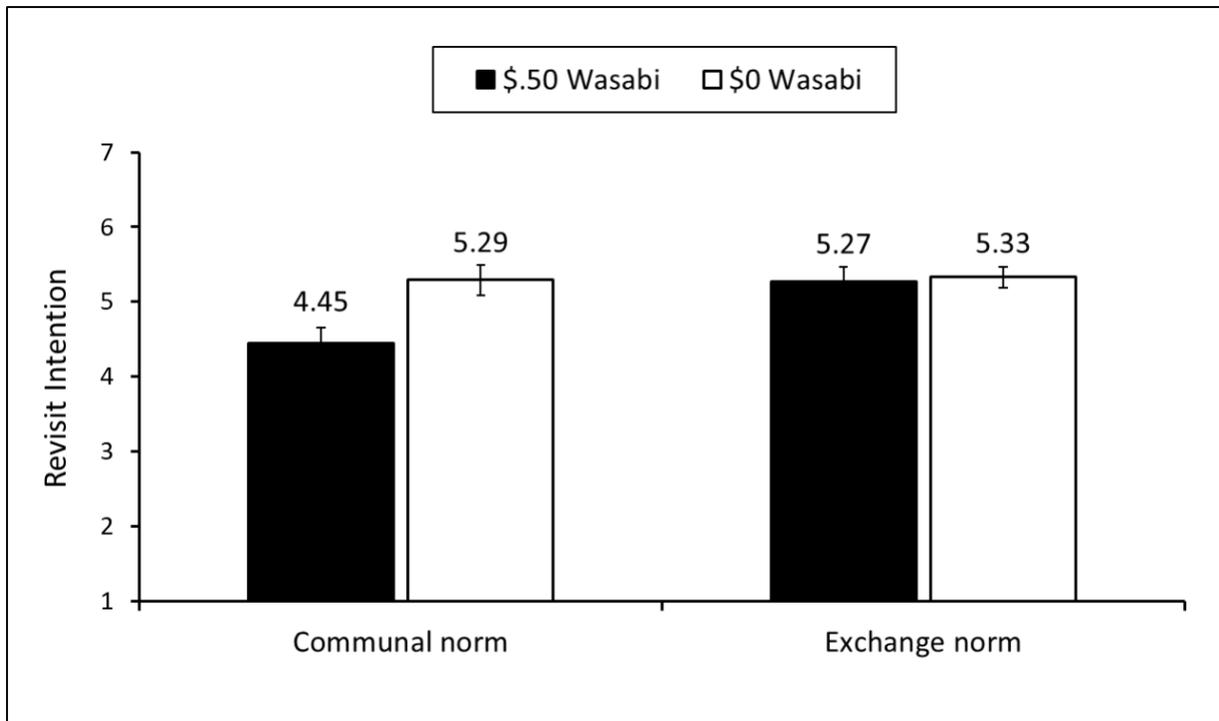
## The Effect of Surcharge Conditions on Revisit Intention (Study 3)



\*The error bars represent standard errors.

Figure 3.

## The Effect of Surcharge Price and Relationship Norms on Revisit Intention (Study 4)

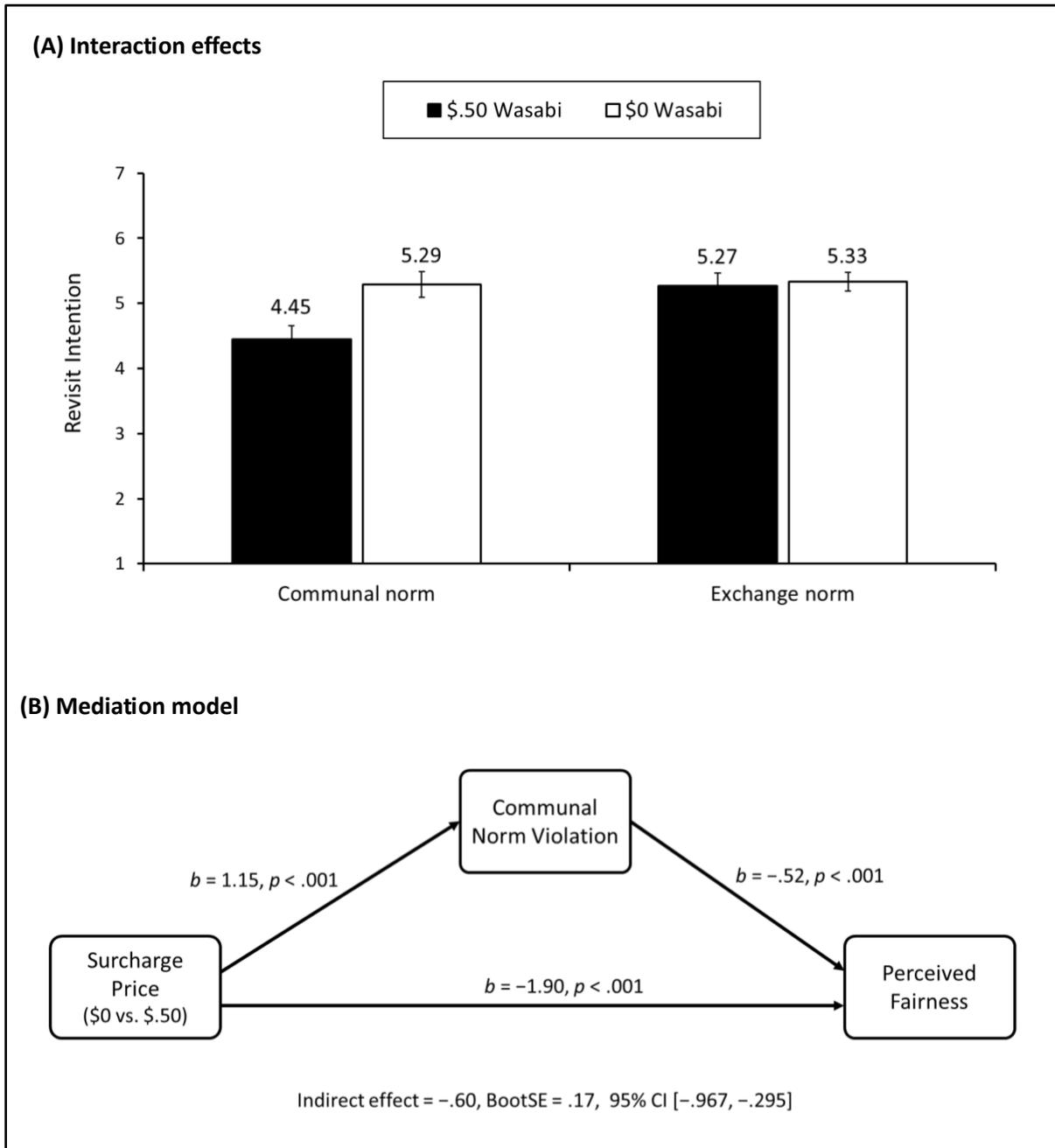


\*The error bars represent standard errors.

Figure 4.

## The Effect of Surcharge Price on Perceived Fairness and Communal Norm Violation

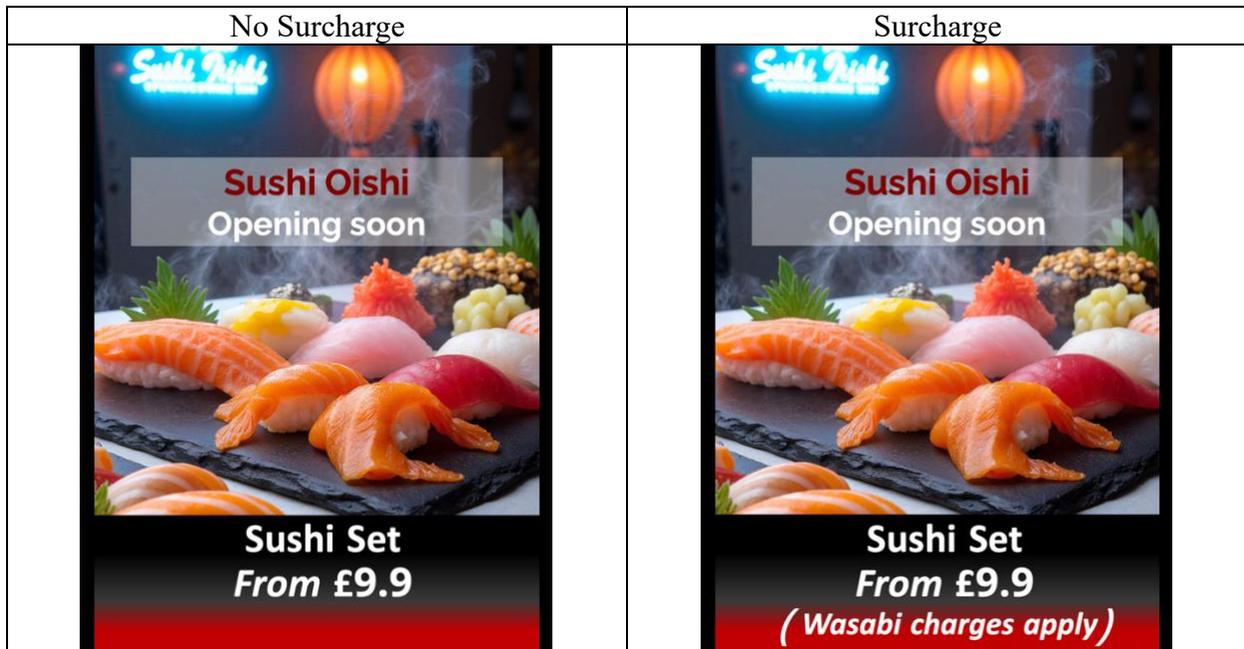
(Study 5)



## Appendix A.

### Study Material for Each Study

#### Study 1



#### Study 2

*Suppose you are visiting a new Japanese restaurant in downtown for dinner. It is your first visit to the restaurant. You find the dish to be great. And you are having a good time. Then you notice that you are out of wasabi, so you ask for some more. The waiter tells you that the restaurant serves high-quality wasabi, and additional wasabi costs [\$1 vs. \$.50 vs. \$.10 vs. \$.01 vs. \$0]. When you are done eating, you ask for a check. The check amount is \$25 for the dish you ordered and [\$1, \$.50 vs. \$.10 vs. \$.01 vs. \$0] for additional wasabi.*

#### Study 3

*Imagine you're at a downtown gourmet burger restaurant, renowned for its delicious burgers and crispy fries. You glance at the menu and choose their signature burger set. Since the restaurant operates on a pre-paid ordering system, you step up to the counter and place your order. The staff takes your order and asks if you'd like any sauces for your fries.*

##### \$1 surcharge accepted condition

*You request ketchup, and the staff informs you of a \$1 additional charge for the sauce. After a moment of contemplation, you decide to order the ketchup. With your meal order confirmed, the total comes to \$25, including the cost of your selected burger set (\$24) and an additional \$1 for the sauce. Consistent with its reputation, the food was great.*

### \$1 surcharge refused condition

*You request ketchup, and the staff informs you of a \$1 additional charge for the sauce. After a moment of contemplation, you decide not to order the ketchup. With your meal order confirmed, the total comes to \$25 for your selected burger set. Consistent with its reputation, the food was great.*

### No surcharge condition

*After a moment of contemplation, you decide to request ketchup. With your meal order confirmed, the total comes to \$25 for your selected burger set. Consistent with its reputation, the food was great.*

## **Study 4**

### A. Norm manipulation

#### Exchange norm

*Relationships work best when people base their interactions on a quid pro quo basis, looking after their self-interest while balancing the give and take. It is through clear communication and the pursuit of one's interests that a more equitable and balanced exchange results. In fact, the mutual pursuit of self-interest serves as the foundation of social interactions, fostering an environment where everyone feels respected and valued, which is crucial for building a sustainable society.*

#### Communal norm

*Relationships work best when people base their interactions on genuine care for others, giving without expecting anything in return. It is by satisfying the needs of others without tracking gains and losses that a more cooperative and harmonious interaction results. In fact, generous giving forms the foundation of social interactions, fostering an environment where everyone feels respected and valued, which is crucial for building a sustainable society.*

### B. Surcharge manipulation

*Suppose there is a local Japanese restaurant known for its authentic cuisine, offering a range of dishes made with good ingredients. The atmosphere is cozy and well-maintained, with a warm ambiance. The menu typically ranges from \$20-30 per person. [Also, the restaurant recently decided to charge \$.50 for a bowl of wasabi]. Suppose you visited this restaurant and paid a total of \$25.50 [total of \$25 for the meal and an additional \$.50 charge for the wasabi].*

## **Study 5**

*Imagine you're at a downtown gourmet burger restaurant, renowned for its delicious burgers and crispy fries. You glance at the menu and choose their signature burger set. When you place your order, the staff asks if you would like any sauces for your fries. You request ketchup, and the staff informs you that it is provided at no additional cost [informs of a \$0.50 additional charge for it]. With your meal order confirmed, the total comes to \$25.50 for your selected burger set [the total comes to \$25.50, including the cost of your selected burger set (\$25.00) and an additional \$0.50 for the ketchup]. Consistent with its reputation, the food is great.*

**Study A**

*Suppose there is a local Japanese restaurant known for its authentic cuisine, offering a range of dishes made with good ingredients. The atmosphere is cozy and well-maintained, with a warm ambience. The menu typically ranges from \$20-30 per person. Also, the restaurant recently decided to charge \$.50 for a bowl of wasabi [increase its prices by \$.50.] Suppose you visited this restaurant and paid a total of \$25.50 for the meal.*