

Price as a Proxy of Quality: Achieving Something Out of Nothing through the Placebo Effect

Africa Makasi¹ and Krishna Govender^{2*}

¹*Harare Institute of Technology, Department of Technopreneurship, Harare, Zimbabwe*
²*School of Management, IT and Governance, University of KwaZulu-Natal, and Regenesys Business School, South Africa*

**E-mail: krishnag@regenesy.co.za*

KEYWORDS Marketing Strategy. Behavioral Outcomes. Expectancy Theory. Classical Conditioning

ABSTRACT The purpose of the present paper is to critique the concept 'placebo effect' as applied in marketing. Most of the researches explain this concept largely by drawing on the expectancy and classical conditioning theories, which theories, together with the consideration of extrinsic and intrinsic product attributes, have largely shaped the price-quality relationship, hence the concept of placebo effect. A variety of literature, albeit not most recent, is reviewed from both the medical and marketing perspectives in order to create a rich expose. It is concluded that despite the ubiquity of price and consumers' substantial experience with this attribute, a strong convergent support for the prediction that utility judgments are more precise and preferences are more stable, when price is considered as a proxy of quality. Future researches should transgress from expectations, beliefs and theories of conditioning to assessing how demand-related factors such as income, influence this phenomenon within the marketing field.