But mapping cognitive strategies onto a funnel is not about manipulation. Done ethically, it helps people make decisions they won't regret. A good funnel doesn't just lead to a sale; it builds trust. If people feel pressured into buying, they may complete the action once but never return. If they feel guided, respected, and reassured, they're more likely to come back - and to recommend the brand to others [2, p. 130].

Think of a simple example: booking a hotel. At first, you notice an ad for a chain you've seen before (familiarity). You click and see a premium suite at $400 a night, then a standard room at $180 (anchoring makes the cheaper room look reasonable). As you read, you see reviews: "4.7 stars, great service" (social proof). The website shows, "Only 2 rooms left for these dates" (loss aversion). Finally, the photos and wording focus on comfort and peace of mind rather than just price (framing and emotion). Step by step, the funnel doesn't just move you toward booking - it makes you feel confident about the choice.

Integrating cognitive strategies into funnels, then, is about making them human. Instead of treating customers as data points moving down a pipeline, it acknowledges that real decisions are messy, emotional, and social. When marketers respect this and design with it in mind, funnels stop being mechanical diagrams. They become maps of lived experience.

References

1. Agarwal, R., Dugas, M., Gao, G., & Kannan, P. K. (2020). Emerging technologies and analytics for a new era of value-centered marketing in healthcare. Journal of the Academy of Marketing Science, 48(1), 9–23.
2. Bayle-Tourtoulou, A., Badoc, M., & Georges, P. M., 2013. Neuromarketing in Action: how to talk and sell to the brain. London, UK: Kogan Page, (p. 130).
3. Zhao, M., 2021. Based on Kahneman's two-system theory: presentation and application of the threesystem theory. Academic Journal of Humanities & Social Sciences, Vol. 4, Issue 9: 112-114.

DOI 10.70286/ISU-08.10.2025.005

THE PSYCHOLOGY OF PRICING: HOW THE PERCEPTION OF SERVICE VALUE IS FORMED

Oliinyk Iryna
Beauty Business Development Consultant
California, USA

When most people hear the word "price," they picture a plain number written on a tag or a line in a receipt. But in reality, a price is never just a figure. The moment we see it, our mind begins to give it meaning. We compare it with what we paid before, we think about other possible choices, and we feel whether it seems acceptable or not. A number by itself tells us little; it becomes real only when placed into our personal context.

You see a book in a shop with a price tag of thirty dollars. Two different people look at it and react in opposite ways. One pulls a face and mutters that it's far too much for a book. The other shrugs and thinks the price is fair. The object hasn't changed - same cover, same paper, same weight in the hand. What's different is what each person brings with them. Someone used to buying cheap paperbacks for a few dollars will find thirty outrageous. Someone else who has spent hundreds on heavy university textbooks may look at thirty and even call it cheap. The price is one and the same, but the judgement comes from memory and habit, not from the book itself.

The same thing happens with other prices. The very first number we see in a situation sets a kind of benchmark in our heads. Imagine a hotel that shows you a suite for five hundred dollars, and only then offers a standard room for two hundred. The two hundred suddenly feels like a bargain because it's measured against the higher sum. But if you were shown the two hundred first, without that comparison, it might feel expensive. The number itself hasn't changed, but the order in which it's presented changes the way we see it.

Think about how we notice prices when choosing from a menu. If almost every dish costs fifteen dollars, one meal marked at twenty-five instantly feels expensive. But if the same list also includes a dish for forty-five, that twenty-five suddenly looks much more reasonable, even safe. The number hasn't changed, but our eyes and mind read it differently because of what it sits next to. We don't usually weigh prices as bare numbers - we almost always judge them in relation to something else [3, p. 562].

And it's not just logic that guides us. Our emotions shape the way we feel about money too. A kind word from a shop assistant, the calm way a doctor explains things, or even just a warm smile can make us willing to pay more without protest. But if we are treated with rudeness or indifference, even a small charge may leave us annoyed. In those moments, the money itself becomes less important than the experience - it reflects how we were treated, not only what we received.

There are also hidden mental shortcuts that shape our decisions. People dislike losing something far more than they enjoy gaining the same thing. Because of that, offers described as "last chance" or "don't miss out" sound especially persuasive. The same is true with free trials: once a person starts using a service and gets used to it, the thought of giving it up feels like a loss. At that point, paying the price seems easier than walking away.

What all this shows is that our sense of value is never fixed. It bends and changes with the setting, with the people we listen to, with our own memories and feelings. The identical number may feel comforting in one case and irritating in another. This is why prices cannot be explained by economics alone. They live inside our psychology - in the ways we think, in the emotions we bring to a decision, and in the connections we make with those around us.

Buying an object and paying for a service are two very different things. When you buy shoes, it's simple: you can hold them, look at the seams, try them on, walk a little to see if they're comfortable. With a phone it's the same - you can feel the weight, tap the screen, press the buttons. You know exactly what you're getting before you pay. Services don't work that way. They don't really exist until the moment you receive them. And the money you hand over isn’t only for the result, but for everything around it: whether you trust the person, how they talk to you, what the atmosphere is like. Later, when you think about what you spent, it’s usually not the technical details that come back to you. What stays in memory is how you were treated - if someone was patient, if they explained things clearly, if you left feeling calm. Those are the things that shape how fair the price felt, and in the end the number on the bill is tied to that memory, not just the service itself [2, p. 85].

Now picture two people going to different clinics for the same treatment. The procedure is the same, but the setting isn’t. One of them spends hours in a noisy corridor, sees staff rushing past, and leaves without clear instructions. They go home uneasy. The other is greeted kindly, spoken to calmly, guided through each step, and leaves with confidence. Both pay the same price. But the first feels the money was wasted, while the second feels it was fair - maybe even a bargain for the peace of mind it brought. That shows us that fairness isn’t hidden in the number. It comes from the whole experience wrapped around it.

When it comes to services, you usually have to decide before you really know what you’ll get. That’s where trust comes in. You only agree to pay if you feel the person or company won’t let you down. And this feeling doesn’t just appear - it comes from little signs. Maybe other people recommended them, maybe you saw certificates on the wall, or maybe the place just looked clean and organized. Even small details matter: someone speaking to you politely, an office that feels cared for, or a website that doesn’t look sketchy. All of this tells you, okay, I think I can trust them. In that case, the money you hand over doesn’t feel like just paying a bill. It feels like saying: I’m counting on you to do what you promised.

And value doesn’t always come from basic need. Very often it grows out of a sense that the moment is unique. People spend not only to get something practical, but also to feel that they are part of something special. A theatre ticket, for example, isn’t really about the seat itself. It’s about being present for a performance that will never happen in exactly the same way again. A meal in a restaurant is more than food on a plate. The lights, the atmosphere, the way the dish is set down in front of you, even the sight of the chef greeting guests - all of these details shape the memory of the evening. You can’t measure them in numbers, but they give the experience weight, and that weight makes the price feel reasonable.

Ease is another part of value. People don’t want to waste time on problems, waiting, or confusion. That’s why a service that works without delays, gives quick answers, and avoids stress feels more valuable than one that makes you struggle. The final result might be identical, but the smooth road to it makes all the difference. In many cases, what a person is really paying for is not only the result itself but the relief of reaching it without trouble [3, p. 563].

And when we decide whether a price feels fair, we don’t usually rely only on ourselves. We look around. If friends say it was worth the money, or if we notice lots of positive comments and high ratings, it reassures us. Even just seeing that many others are already using the same service makes us feel safer about paying. What could have been a private judgment quickly becomes a shared one, shaped by the approval and habits of people around us.

What we really hold onto after spending money is not the exact figure but the feeling it left behind. Nobody keeps every receipt in mind. What we actually remember is the feeling of the moment. Take a trip: years later you probably won't recall the exact price of the flight or the hotel, but you'll remember sitting on warm sand or wandering down a strange street at night. That's what stays. In the end, people don't just pay for the service itself - they pay for the memory it leaves behind. And if that memory is good, even a high price feels okay afterward.

The sense of value is also not fixed; it shifts with time. Something that seems like a bargain today may feel like wasted money months later if it goes unused. A streaming subscription feels cheap when you watch it daily, but overpriced if it just sits there. A gym membership can feel pointless if you never go, yet perfectly fair if it becomes part of your weekly life. Services follow the rhythm of habits, and our sense of what they are worth changes with those rhythms. What we think of as "fair" is never frozen at the moment of purchase - it keeps changing as we use the service, or as it gathers dust [1, p. 85].

For a business, the fact that people's sense of value keeps shifting can feel like a problem, but it can also be a real chance to build loyalty. What most customers carry with them afterward is not the technical details of what they received, but how they were treated. A simple "thank you," someone who actually listens, or a small promise that is kept often stays in memory longer than the price written on the bill. These little things can change a payment from something cold and routine into something warmer - a sign that the person mattered, that they were respected. In those moments, the money doesn't feel lost, it feels invested in a good experience.

For people paying for services, it can be useful to notice what really shapes their reaction to price. Often it isn't just the number itself, but the mood you're in, the experiences you've had before, and the voices of people around you. Once you see that, you can stop and ask yourself: am I upset because the cost is truly too high, or because I'm comparing it to something that doesn't really fit? Am I fine with this price because it makes sense to me, or just because everyone else says it's acceptable? When I think about paying for something, it's not only the service itself. Sometimes what I'm really paying for is the trust I feel, the peace of mind, or just the comfort of knowing things will go smoothly. Realizing this doesn't remove the psychology behind prices, but it makes it easier to see.

At the end of the day, a price isn't just a number on a bill. It only makes sense when there's a story behind it - a mix of what we expect, how we feel, how much we trust, and what the people around us think. With services, this is even clearer, because you can't touch or test them before buying. What you're really paying for is the whole experience, and that's what makes a price feel either fair or too much.

So when two people look at the same figure and one says it's fair while the other says it's unfair, the difference rarely comes from the digits. It comes from how each person frames it: the memories they bring, the trust or doubt they feel, the rules of the group they belong to. That's why pricing isn't just economics. It's part of what it means to be human - always trying to connect numbers with meaning, costs with feelings, the visible with the invisible.

References

1. Diadik, T.V., & Danylenko, V.I. (2023). Stratehii ta taktyky psykholohii marketynhovoi tsinovoi polityky [Strategies and tactics of marketing pricing psychology]. Ekonomikataupravlinniapidpryiemstvamy, (70), 84–88.
2. Kienzler, M. & Kowalkowski, Chr. (2017). Pricing strategy: A review of 22 years of marketing research. Journal of Business Research. 78. 101-110.
3. Monroe, K. B., Rikala, V.-M., & Somervuori, O. (2015). Examining the application of behavioral price research in business-to-business markets. IndustrialMarketingManagement, 44(5), 562–572.

DOI 10.70286/ISU-08.10.2025.006

FROM SNAPSHOT REPORTS TO LIVING MODELS: BUILDING A SYSTEM DYNAMICS SIMULATOR FOR YOUR MARKET

Ivitskiy Igor
Ph.D., Associate Professor
Doctor Ads LTD

Monthly reports freeze behavior in time. Markets do not. A market is a coupled system of stocks, flows, delays, and nonlinear responses in which marketing actions, competitor reactions, and customer learning coevolve. System dynamics models encode this reality by representing accumulations and rates explicitly, which improves explanation and policy testing relative to static dashboards [1], [2]. A workable simulator for a paid-acquisition business can be constructed with a compact state–flow backbone, a small set of empirically grounded response functions, and a calibration procedure that honors uncertainty.

Let x_t denote the state vector at period *t*, for example latent awareness, consideration, and active customer base. Let u_t be observed marketing controls such as channel spend and bid targets, and let z_t capture exogenous drivers such as seasonality or price. A linearized core is often sufficient for policy search:

$x_{t+1} = A\,x_t + B\,u_t + E\,z_t + \varepsilon_t$ where ε_t is process noise. The observable outcomes, such as sessions, leads, or orders, are generated by a measurement map $\mathrm{y_t} = g(x_t)$ with channel-specific saturation and carryover. A practical choice for each channel j is a concave response $\rho_j(s_{j,t}) = \alpha_j(1 - e^{-\beta_j s_{j,t}})$, where α_j is the long-run ceiling and β_j controls diminishing returns. Concavity and distributed lags are well established in contemporary media-mix modeling and can be estimated in hierarchical Bayesian frameworks [5]. Emerging causal MMM approaches further learn the