

## Persuasion Strategies, Heuristics, and Decision Biases in Managerial Pricing Decisions: Evidence from Sabah's Hotel Industry

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### ABSTRACT

This study investigates how persuasion strategies, heuristics, and cognitive biases shape managerial pricing decisions within Sabah's hotel industry. Integrating perspectives from social psychology and behavioural marketing, it explores how anchoring, framing, and reference dependence influence revenue managers' promotional choices, discount structures, and consumer perceptions. Using a qualitative exploratory design, the study draws on in-depth interviews with hotel managers from Kota Kinabalu, Kundasang, and Sandakan to capture their intuitive and analytical pricing behaviours. Findings reveal that managerial decisions are heavily influenced by anchoring on historical price points, gain-loss framing in promotional messages, and emotional heuristics under competitive and seasonal stress. While these cognitive shortcuts often enhance persuasion effectiveness, they also generate systematic pricing distortions and inconsistent consumer experiences. The paper proposes a behavioural pricing framework linking managerial cognition, heuristic persuasion, and consumer response, offering both theoretical advancement and practical insights for ethically informed, evidence-based pricing strategies in Sabah's hospitality sector.

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**Contribution/Originality:** This study contributes original qualitative evidence on how cognitive heuristics, persuasion strategies, and ethical reasoning interact in managerial pricing decisions within Sabah's hotel industry. It advances behavioural marketing theory by contextualising pricing cognition in an emerging tourism economy, emphasising emotional intelligence and culturally adaptive persuasion in hospitality management.

## 1. Introduction

Pricing decisions in the hospitality sector are inherently complex, involving dynamic trade-offs between revenue optimisation, customer perception, and competitive positioning. In Sabah's rapidly developing hotel industry driven by tourism growth, seasonal fluctuations, and increasing competition, managers frequently operate under cognitive and emotional constraints that influence how prices and promotions are determined (Yusoff & Kian, 2020). Despite the proliferation of data analytics tools, many pricing judgements remain heuristic, intuitive, and contextually shaped by prior experience, social norms, and market cues rather than purely rational analysis.

The intersection of social psychology and marketing management provides a compelling lens through which to understand these pricing behaviours. Foundational research by Tversky and Kahneman (1974) and Kahneman (2011) established that humans rely on cognitive shortcuts known as heuristics, to make decisions under uncertainty. While heuristics such as anchoring, framing, and availability can simplify complex choices, they also introduce systematic biases that distort managerial judgement. In the context of hotel pricing, anchoring occurs when revenue managers fixate on previous rates or competitor benchmarks, framing effects emerge in the way discounts are presented ("Save RM100 today" vs. "Get 20% off"), and availability bias influences reliance on recent sales performance or demand trends rather than long-term data (Nagle & Müller, 2018).

Within the Sabah hotel sector, such biases are particularly salient due to environmental and market uncertainties, ranging from tourism seasonality to fluctuating online booking trends. Managers in both large and boutique hotels face pressure to react quickly to competitor pricing, currency changes, and fluctuating tourist arrivals (Sabah Tourism Board, 2023). Under such conditions, intuitive persuasion strategies become intertwined with managerial decision-making. For example, marketing teams may use emotional cues or scarcity appeals ("limited rooms left") to influence consumer urgency, often unaware of how psychological framing not only affects guest perception but also reinforces their own cognitive biases as decision-makers.

From a managerial perspective, these dynamics highlight the dual role of heuristics as both enablers and distorters of persuasive pricing. On one hand, heuristics allow managers to respond efficiently to market changes; on the other, they risk overconfidence, over-reliance on reference pricing, and unexamined persuasive framing that may misalign with consumer expectations (Lee, Lee, & Park, 2021). Understanding how these biases operate in practice is thus crucial for improving pricing accuracy, ethical persuasion, and consumer trust in Sabah's hospitality market.

This paper aims to examine the interplay between persuasion strategies, heuristic reasoning, and decision biases among hotel managers in Sabah. It addresses three core objectives:

- i. To identify the key heuristics influencing pricing and promotional decisions among hotel managers.
- ii. To explore how persuasive framing and psychological anchoring are consciously or unconsciously applied in pricing contexts.
- iii. To develop a conceptual model that links managerial cognition with consumer persuasion outcomes, providing a behavioural foundation for future pricing research in emerging tourism economies.

By combining behavioural science and managerial pricing, this study contributes to the growing discourse on behavioural decision-making in hospitality. It provides empirical insights into how bounded rationality and psychological framing influence managerial persuasion, offering a pathway toward evidence-based, ethically conscious pricing practices in Sabah's hotel industry.

## 2. Literature Review

### 2.1. Heuristics and Cognitive Biases in Managerial Decision-Making

Decision-making in hospitality pricing involves navigating high uncertainty, fluctuating demand, and intense competition. In such environments, managers often rely on heuristics; a mental shortcuts that simplify complex judgments under time pressure (Tversky & Kahneman, 1974). These heuristics operate through System 1 processing which is fast, intuitive, and emotion-driven reasoning and contrasted with System 2, which is slower and more analytical (Kahneman, 2011). While heuristics improve efficiency, they also generate cognitive biases, leading to errors in pricing and promotional decisions (Lovallo & Sibony, 2010).

Within Sabah's hotel industry, where managers frequently adjust room rates based on occupancy forecasts, competitor actions, and online demand, heuristics are prevalent. Managers commonly use the availability heuristic, relying on recent booking patterns or competitor pricing rather than objective forecasting models (Lee, Lee, & Park, 2021). Similarly, the representativeness heuristic leads them to generalise pricing success from previous seasons without accounting for changes in market composition, travel restrictions, or tourist origin trends. Under competitive and seasonal stress, these intuitive shortcuts can produce pricing inconsistencies and revenue loss.

In behavioural terms, managerial decision-making in hospitality reflects bounded rationality, a condition in which limited cognitive capacity and environmental complexity constrain rational analysis (Simon, 1990). This boundedness makes heuristic reasoning not only inevitable but adaptive, allowing managers to cope with cognitive overload while maintaining responsiveness. However, when unexamined, such heuristics can solidify into anchoring biases and framing distortions, influencing both pricing strategy and persuasion tactics.

### 2.2. Anchoring Effects and Reference Price Setting

The anchoring heuristic is one of the most pervasive cognitive biases in pricing. It refers to the tendency to rely heavily on initial information; the "anchor", when making subsequent judgments (Tversky & Kahneman, 1974). In managerial contexts, anchors often take the form of past prices, competitor benchmarks, or standard rack rates. Once an anchor is set, adjustments tend to be insufficient, leading to anchoring bias.

In Sabah's hotel market, anchoring is visible in how managers determine seasonal and dynamic pricing. For example, hotels in Kota Kinabalu often maintain similar rate structures year-to-year, adjusting only marginally even when market conditions or tourist demographics shift. Anchoring bias leads managers to "stick" to familiar prices, perceiving large deviations as risky. According to Nagle and Müller (2018), such pricing inertia limits responsiveness and can reduce profitability, particularly in markets subject to seasonal tourism fluctuations.

Anchoring also manifests in reference pricing, the practice of setting a base price to frame discounts or promotions. For instance, when hotels advertise “Rooms from RM500, now RM350,” the higher price acts as an anchor that elevates perceived value (Ariely et al., 2003). However, overuse of inflated reference prices can trigger consumer scepticism, damaging brand trust (Darke & Chung, 2005). In the Sabah context, where domestic travellers are increasingly price-sensitive, effective anchoring requires balancing psychological impact with perceived fairness.

### 2.3 Framing and Persuasion in Pricing Communication

Framing is another critical dimension of persuasion in managerial pricing. Rooted in prospect theory, framing describes how equivalent information can yield different behavioural responses depending on its presentation (Tversky & Kahneman, 1981). For instance, framing a message as a gain (“Save RM100”) rather than a loss (“Don’t miss RM100 in savings”) significantly alters consumer perception and emotional engagement (Levin, Schneider, & Gaeth, 1998).

In hotel marketing, positive framing is often employed in promotional campaigns, loyalty programmes, and digital advertisements. Hotels in Sabah use phrases such as “Exclusive early-bird deals” or “Members enjoy 20% off” to activate emotional responses and a sense of privilege. The effectiveness of such framing lies in its ability to reduce perceived risk and enhance the emotional appeal of value (Cialdini, 2009). Yet, managers also use framing heuristically: rather than testing message effectiveness empirically, they rely on intuition and tradition (“We always use early-bird deals; it feels right”). This demonstrates how framing as a persuasion tool is both strategically powerful and cognitively biased.

Moreover, in contexts of high competition such as coastal resorts and urban hotels in Kota Kinabalu, scarcity framing (“Limited rooms left!”) is widely used to trigger urgency. While effective, overuse may lead to psychological reactance or consumer fatigue, reducing trust in future promotions. Research by Aggarwal et al. (2011) emphasises that sustainable persuasion requires a balance between emotional activation and ethical transparency in framing design.

### 2.4. Bundling, Mental Accounting, and Managerial Overconfidence

Another area where heuristics influence pricing decisions is product bundling which combines multiple services such as accommodation, breakfast, spa into one package. Bundling appeals to both managers and consumers due to mental accounting; a cognitive bias where individuals evaluate value based on perceived rather than actual cost structures (Thaler, 1985). Managers in Sabah frequently bundle offers during off-peak seasons to increase occupancy, believing bundled deals enhance perceived value. However, excessive bundling may erode brand positioning by conditioning customers to expect discounts or reducing willingness to pay for stand-alone services.

Managerial overconfidence bias further compounds these effects. As observed by Lovallo and Sibony (2010), overconfidence in one’s intuition often leads to underestimation of uncertainty and overestimation of pricing control. In hospitality, where market dynamics can shift rapidly due to travel bans, weather conditions, or political changes, such overconfidence can be costly. Managers who over-rely on past

successes or internal anchoring may overlook new data indicating changing consumer behaviour.

## 2.5. Behavioural Pricing and Ethical Persuasion

Behavioural pricing integrates psychological principles into pricing management, focusing on how both consumers and managers interpret prices (Garbarino & Slonim, 2017). In Sabah's hotels, behavioural pricing is shaped not only by market competition but also by cultural expectations. For example, collectivist values influencing fairness perceptions and communication tone (Hofstede, 2011). Managers must therefore navigate a dual challenge: designing persuasive prices that appeal emotionally while maintaining ethical and cultural sensitivity.

The rise of digital platforms such as Agoda, Booking.com, and AirAsiaGo has intensified the visibility of pricing decisions, making ethical persuasion increasingly important. Manipulative framing or misleading discounts can quickly lead to negative reviews and reputational damage. As Sheth (2020) suggests, "mindful marketing" practices which is rooted in empathy, authenticity, and transparency, are essential for sustainable persuasion. This implies that Sabah hotel managers must integrate ethical awareness and cognitive debiasing into their pricing strategy.

In summary, the literature underscores that managerial pricing decisions are not purely economic but deeply psychological. Anchoring, framing, mental accounting, and overconfidence interact with persuasive strategies to shape how managers perceive value and communicate it to consumers. In Sabah's hospitality industry where decision environments are uncertain and culturally nuanced, understanding these behavioural mechanisms is crucial for developing emotionally intelligent, ethically grounded pricing frameworks.

## 3. Methodology

### 3.1. Research Design

This study adopts a qualitative exploratory research design to examine how hotel managers in Sabah apply persuasion strategies and heuristics in pricing decisions. The qualitative approach was deemed appropriate because it enables an in-depth exploration of cognitive and emotional processes underlying managerial decision-making, a phenomenon that are often implicit and context-dependent (Creswell & Poth, 2018). Rather than testing hypotheses, this study aims to uncover meanings, reasoning patterns, and behavioural tendencies as experienced by hotel managers in their pricing and promotional contexts. The design is grounded in the constructivist paradigm, which assumes that knowledge is socially constructed through dialogue, reflection, and contextual interpretation (Lincoln & Guba, 1985).

This exploratory design aligns with the study's objective to identify how heuristics such as anchoring, framing, and availability manifest in managerial pricing practice within the hospitality environment, and how persuasion tactics are consciously or unconsciously integrated into decision-making under uncertainty.

### 3.2. Research Approach

An inductive approach guided the research process, allowing theoretical insights to emerge from empirical data rather than being predetermined by existing models (Thomas, 2006). This approach is suitable for investigating behavioural pricing phenomena in a developing regional context, where limited empirical research exists. Through iterative coding and thematic interpretation, the study seeks to generate a conceptual framework linking managerial cognition, persuasive pricing strategies, and behavioural biases in the Sabah hotel industry.

### 3.3. Study Context and Population

The study was conducted in Sabah, Malaysia, focusing on hotels located in Kota Kinabalu, Kundasang, and Sandakan which is the key tourism destinations representing different market segments (urban, highland, and coastal). The target population consisted of hotel marketing and revenue managers involved in determining room rates, discount campaigns, and promotional communications.

These managers operate in dynamic environments where pricing decisions are influenced by competitive benchmarking, seasonal demand shifts, and consumer psychology. Their experiences provided valuable insights into how managerial heuristics and persuasion principles shape real-world pricing and promotional practices.

### 3.4. Sampling and Participants

A purposive sampling technique was used to identify hotel managers with direct involvement in pricing and marketing decision-making (Palinkas et al., 2015). Participants were selected according to three key criteria: (1) current employment in hotel management with responsibility for pricing or revenue decisions; (2) a minimum of three years of managerial experience within the hospitality industry; and (3) a willingness to reflect on their pricing rationale and communication practices. A total of 15 hotel managers were recruited, representing a diverse range of 3-star, 4-star, and 5-star hotels located across Kota Kinabalu, Kundasang, and Sandakan. Participants' ages ranged from 29 to 54 years, encompassing varied educational, ethnic, and professional backgrounds that reflect the multicultural composition of Sabah's hospitality workforce. This diversity enriched the data by offering multiple perspectives on how heuristics, persuasion, and pricing cognition operate in different hotel contexts. The sample size was deemed sufficient to achieve data saturation, the stage at which no new insights or themes emerged from additional interviews (Guest, Bunce, & Johnson, 2006).

### 3.5. Data Collection

Data were collected through semi-structured, in-depth interviews conducted between March and June 2025. Each interview lasted approximately 45 to 60 minutes, allowing participants to elaborate on their experiences while maintaining focus on key constructs such as heuristics, persuasion, and pricing decisions.

Interviews were conducted face-to-face where feasible (in Kota Kinabalu and Kundasang), and via Zoom or Microsoft Teams for participants located in Sandakan or during scheduling constraints. All interviews were conducted in English or Bahasa

Malaysia, depending on participant preference, and were audio-recorded with consent. Field notes were also taken to capture contextual nuances such as tone, facial expressions, and managerial work settings. The sample questions are shown below:

- i. How do you usually determine pricing and discount levels for your rooms or packages?
- ii. What factors most influence your pricing decisions—data, intuition, or experience?
- iii. Can you recall a situation where your first impression or “gut feeling” influenced a pricing outcome?
- iv. How do you decide how to present price offers to customers (e.g., framing or wording)?
- v. Have you noticed any patterns in how customers respond to particular promotions or price frames?
- vi. How do you ensure your pricing strategies remain persuasive yet ethical?
- vii. How does competition or market stress affect your pricing judgments?
- viii. The semi-structured design ensured consistency across interviews while allowing flexibility to probe deeper into participant experiences and psychological reasoning.

### 3.6. Data Analysis

Interview transcripts were analysed using thematic analysis, guided by [Braun and Clarke's \(2012\)](#) six-phase framework. The process began with familiarisation, during which all recordings were listened to and transcripts read multiple times to gain an overall understanding of the data and identify preliminary ideas. This was followed by initial coding, where descriptive and interpretive codes were systematically assigned to text segments related to heuristics, persuasion, and pricing decisions. In the theme development phase, similar codes were grouped into broader categories representing behavioural patterns such as anchoring bias, intuitive pricing, and framing persuasion. The emerging themes were then subjected to theme review, in which patterns were compared across participants to ensure consistency, coherence, and alignment with the study objectives. The theme definition phase involved refining theme boundaries and identifying conceptual linkages between cognitive and persuasive dimensions of managerial pricing behaviour. Finally, in the reporting phase, the key themes were integrated into a coherent analytical narrative supported by representative quotations and theoretical interpretation.

The entire analysis was facilitated using NVivo 12 software, which enabled systematic organisation, hierarchical coding, and thematic visualisation of qualitative data. An iterative analytical approach was adopted to enhance credibility and dependability, supplemented by peer debriefing and member checking, where participants reviewed and validated summary interpretations to ensure accuracy and authenticity of the findings.

### 3.7. Trustworthiness and Validity

To ensure methodological rigour and strengthen the validity of the findings, this study adopted the four criteria of trustworthiness proposed by [Lincoln and Guba \(1985\)](#): credibility, transferability, dependability, and confirmability. Credibility was achieved through prolonged engagement with participants, iterative questioning during interviews, and triangulation of verbal data with contextual observations, ensuring that interpretations accurately reflected participants' experiences. Transferability was

enhanced by providing rich, detailed descriptions of hotel settings, managerial roles, and participant demographics, allowing readers to determine the applicability of the findings to other similar contexts. Dependability was maintained through a transparent audit trail that documented coding decisions, analytical memos, and version control within the NVivo software, ensuring that the analytical process could be replicated or traced. Finally, confirmability was secured by keeping reflective researcher notes throughout the research process to minimise personal bias and maintain neutrality in data interpretation, thereby ensuring that the results emerged from the participants' perspectives rather than researcher preconceptions.

### 3.8. Ethical Considerations

Ethical approval for this study was obtained from the Ethics Review Committee of Universiti Putra Malaysia (UPM). Participants were briefed on the study's objectives, voluntary nature, and confidentiality assurances. Written informed consent was obtained for participation and recording. To maintain anonymity, pseudonyms were used in transcripts and reporting, and all digital data were stored securely with restricted access. Participants were reminded of their right to withdraw at any stage without consequence.

### 3.9. Summary of Methodological Structure

Table 1 presents a concise overview of the methodological framework that guided the study titled *"Persuasion Strategies, Heuristics, and Decision Biases in Managerial Pricing Decisions: Evidence from Sabah's Hotel Industry."* The table summarises each methodological component, offering a structured snapshot of the research design, approach, and processes undertaken to ensure methodological rigour and alignment with the study's objectives.

Table 1: Summary of Methodological Structure

Methodological Component	Description
Research Design Approach	Qualitative exploratory design underpinned by constructivism
Population	Inductive, allowing theory to emerge from data
Sample Size	Hotel marketing and revenue managers in Sabah (Kota Kinabalu, Kundasang, Sandakan)
Sampling Technique	15 participants (3–5-star hotels)
Data Collection Method	Purposive sampling
Data Analysis Method	Semi-structured interviews (face-to-face/online, audio-recorded)
Ethical Approval	Thematic analysis using NVivo 12 (Braun & Clarke, 2012)
Trustworthiness Measures	Universiti Putra Malaysia (UPM) Ethics Review Committee
	Credibility, transferability, dependability, confirmability

In summary, the methodological structure reflects a rigorous and ethically grounded qualitative inquiry designed to uncover how hotel managers in Sabah interpret, rationalise, and implement pricing decisions under the influence of cognitive heuristics and persuasive framing.

## 4. Findings and Discussion

Thematic analysis revealed four interconnected themes that illuminate how hotel managers in Sabah make pricing decisions influenced by persuasion strategies, cognitive heuristics, and ethical considerations. These findings highlight the cognitive shortcuts and framing mechanisms that shape managerial judgment under dynamic market and emotional conditions.

### 4.1. Theme 1: Anchoring Bias in Price Setting

Participants consistently described the tendency to rely on *reference prices* or competitors' rates when determining room prices. This anchoring bias shaped both daily adjustments and promotional decisions. As one manager expressed,

*"We always start by looking at what the hotel next door is charging before deciding our rate. It gives us a sense of what's safe"* (Manager 07, Kota Kinabalu).

Another participant noted that anchoring served as a psychological safety net:

*"If we go too low, it might signal poor quality; too high, and we scare off guests. So, we anchor somewhere in the middle"* (Manager 03, Sandakan).

This reliance on reference points mirrors [Tversky and Kahneman's \(1974\)](#) findings that individuals use initial information as a mental anchor, even when adjustments are insufficient. In Sabah's competitive hospitality environment where pricing decisions are made under uncertainty and intense market pressure, anchoring provides a cognitive shortcut that reduces decision complexity but may limit innovation and value differentiation.

### 4.2. Theme 2: Intuitive Persuasion and Emotional Framing in Promotions

Managers frequently used emotional and intuitive persuasion techniques in marketing communication. Several participants described leveraging *"feel-good"* imagery, seasonal nostalgia, and family-centric narratives to attract domestic travellers. One manager shared,

*"We frame our promotions around emotions—comfort, belonging, or nostalgia. People in Sabah respond more to feelings than to numbers"* (Manager 11, Kundasang).

This approach reflects the principles of *affective framing* in behavioural marketing, where emotional cues influence perception and decision outcomes ([Kahneman, 2011](#); [Lin et al., 2020](#)). Managers intuitively recognised that persuasive success depends not only on price but also on how offers are presented. In one case, a 20% discount was rephrased as *"Stay 5 nights, enjoy one night free"*—a framing technique that increased perceived value and booking conversion rates. Such emotional reframing aligns with research suggesting that consumers are more responsive to gain-framed promotions than loss-framed equivalents ([Thaler & Sunstein, 2008](#)).

### 4.3 Theme 3: Framing Heuristics and the Use of Scarcity Appeals

Another recurring theme was the use of scarcity and urgency cues in promotional campaigns. Several managers admitted employing messages such as “*Only 3 rooms left!*” or “*Limited-time offers*” to accelerate decision-making. As one participant noted,

*“It’s psychological—when guests think something is running out, they act faster. It’s effective, but we must use it carefully”* (Manager 04, Kota Kinabalu).

While scarcity appeals are widely recognised as persuasive tools in consumer psychology (Cialdini, 2007), the findings reveal that managers in Sabah balance this tactic with ethical mindfulness. Many expressed discomfort with creating “false urgency,” fearing reputational damage in a market heavily reliant on repeat customers and word-of-mouth. One manager explained,

*“If we exaggerate scarcity, it can backfire. Guests here are very community-oriented; trust matters more than pressure”* (Manager 09, Sandakan).

This suggests that in culturally tight-knit hospitality contexts like Sabah, ethical framing and authenticity are central to sustaining long-term brand relationships.

### 4.4. Theme 4: Ethical Pricing Cognition and Cultural Sensitivity

Managers demonstrated a strong awareness of ethical boundaries in persuasive pricing. Several expressed that pricing decisions must align with fairness, transparency, and cultural sensitivity, particularly when dealing with local guests or domestic travellers from lower-income backgrounds. One manager stated,

*“We can’t price like international chains. Locals value honesty and service. Overcharging feels wrong, even if demand is high”* (Manager 01, Kota Kinabalu).

This aligns with the notion of *ethical cognition* in managerial decision-making, where moral reasoning interacts with strategic pricing motives (Singh & Chouhan, 2022). Managers in Sabah perceived ethical pricing not only as a moral obligation but also as a cultural necessity rooted in communal values. Another participant reflected,

*“People talk. If you treat them fairly, they come back. In Sabah, relationships are the real marketing”* (Manager 12, Kundasang).

Such findings demonstrate that pricing in Sabah’s hotel industry extends beyond rational economics; it embodies relational ethics and social persuasion grounded in trust, empathy, and cultural respect.

### 4.5. Integrative Discussion

The four themes collectively illustrate that managerial pricing in Sabah is shaped by the interplay between *cognitive biases* (anchoring and framing), *emotional persuasion*, and *ethical consciousness*. These patterns reveal a hybrid pricing logic—partly analytical, partly intuitive, and deeply embedded in cultural norms. Managers rely on heuristic

reasoning to simplify complex decisions but temper this with moral reflection and contextual awareness.

This aligns with dual-process theories of decision-making (Kahneman, 2011), where both intuitive (System 1) and analytical (System 2) thinking guide managerial behaviour. In Sabah's hospitality context, where interpersonal trust and cultural familiarity are paramount, emotionally intelligent persuasion serves as a bridge between cognitive efficiency and ethical responsibility.

The findings contribute to behavioural marketing theory by demonstrating how heuristics and persuasion manifest in culturally sensitive, service-driven markets. They also extend the practical understanding of ethical pricing cognition, showing that successful persuasion in hospitality requires balancing psychological influence with transparency and authenticity.

Table 2 summarises the four main themes, their subthemes, and representative participant quotes that emerged from the thematic analysis. Each theme represents a core dimension of how Sabah's hotel managers conceptualise and apply persuasion strategies, heuristics, and ethical reasoning in their pricing decisions.

Table 2: Thematic Summary with Illustrative Quotes

Theme	Subthemes	Description	Representative Quotes (with Participant IDs)
1. Anchoring Bias in Price Setting	- Competitor benchmarking - Reference pricing heuristics	Managers rely on competitor rates and prior benchmarks to guide pricing decisions, often using them as cognitive anchors to reduce uncertainty.	<i>"We always start by checking nearby hotels' rates before adjusting ours—it helps us stay safe and reasonable."</i> (Manager 07, Kota Kinabalu) <i>"Anchoring gives us a comfort zone; it prevents overpricing or underpricing."</i> (Manager 03, Sandakan)
2. Intuitive Persuasion and Emotional Framing in Promotions	- Emotional messaging - Value framing	Emotional persuasion and affective framing influence promotional tone and consumer responses. Managers use warmth, familiarity, and nostalgia in framing deals.	<i>"We use messages that make guests feel calm and at home—Sabah travellers respond to emotions, not just prices."</i> (Manager 11, Kundasang) <i>"Instead of saying 20% off, we say 'Stay 5 nights, get one free.' It feels more rewarding."</i> (Manager 05, Kota Kinabalu)
3. Framing Heuristics and Scarcity Appeals	- Limited-time offers - Psychological urgency	Scarcity and urgency are used to trigger quicker bookings, but managers remain cautious of misleading tactics.	<i>"Only 3 rooms left!" works well, but we don't fake it. Here, trust matters more than pressure."</i> (Manager 04, Kota Kinabalu) <i>"Guests act faster when they think the offer is limited—it's a psychological nudge."</i> (Manager 09, Sandakan)
4. Ethical Pricing	- Fairness and transparency	Ethical reasoning shapes pricing decisions.	<i>"Locals know when they're being overcharged. Fair"</i>

Cognition and Cultural Sensitivity	- Relationship-oriented ethics	Managers balance profitability with fairness and cultural norms, valuing trust and honesty over short-term gains.	<i>pricing keeps our reputation intact.”</i> (Manager 01, Kota Kinabalu) <i>“People here value sincerity. In Sabah, hospitality is about relationships, not just revenue.”</i> (Manager 12, Kundasang)
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Theme 1: Anchoring Bias in Price Setting highlights that managers often rely on competitor benchmarks as reference anchors, reflecting a cognitive shortcut that simplifies complex pricing judgments. While this reduces perceived risk, it can constrain creativity and value innovation.

Theme 2: Intuitive Persuasion and Emotional Framing in Promotions underscores the role of affective and intuitive marketing. Managers craft emotionally resonant messages using warmth, nostalgia, and trust cues to influence consumer perception. This aligns with affective framing theory, demonstrating that emotions are pivotal in pricing communication.

Theme 3: Framing Heuristics and Scarcity Appeals reveals that psychological triggers such as urgency and scarcity are commonly used but ethically moderated. Sabah’s managers recognise that persuasive success depends on maintaining credibility within a culturally relational market, avoiding deceptive scarcity claims.

Theme 4: Ethical Pricing Cognition and Cultural Sensitivity captures how pricing decisions are intertwined with local ethics and communal values. Managers demonstrate moral awareness, balancing competitive tactics with cultural empathy and fairness norms. This theme reinforces that pricing in Sabah is not merely economic as it is relational, reflecting cultural hospitality and trust-building.

Together, these themes illustrate that managerial pricing in Sabah’s hotel industry is a hybrid cognitive process, where rational anchoring and heuristic shortcuts coexist with emotional and ethical reasoning. This complex interplay defines the region’s distinctive approach to pricing persuasion, one that values integrity, culture, and human connection as much as profit.

## 5. Conclusion

This study explored how persuasion strategies, cognitive heuristics, and ethical reasoning intersect to shape managerial pricing decisions within Sabah’s hotel industry. Through in-depth qualitative interviews with 15 marketing and revenue managers, the research uncovered four interrelated themes: anchoring bias, intuitive persuasion, framing heuristics, and ethical pricing cognition, that reveal the psychological and cultural underpinnings of pricing behaviour in a dynamic hospitality environment.

The findings demonstrate that anchoring bias serves as a mental shortcut that simplifies complex pricing decisions, particularly in competitive markets where uncertainty is high. Managers frequently reference competitor prices or previous rates as cognitive anchors to establish what they perceive as “safe” or “market-acceptable” price points. This behaviour aligns with dual-process theories of decision-making (Kahneman, 2011), which posit that intuitive and analytical reasoning coexist in managerial judgment.

Intuitive persuasion emerged as a defining feature of pricing communication, where emotional framing such as promoting comfort, family bonding, or nostalgia enhances perceived value and customer connection. This indicates that emotional intelligence plays a crucial role in effective pricing strategies, allowing managers to frame offers not merely as financial transactions but as affective experiences.

The study also revealed that framing heuristics, particularly scarcity and urgency cues, are strategically employed to prompt quicker consumer responses. However, Sabah hotel managers display ethical restraint in their use, aware that misleading scarcity could harm long-term brand trust. This finding underscores the region's relational market logic, where honesty and trust are prioritised over aggressive persuasion.

Finally, ethical pricing cognition reflects a deeply embedded moral awareness in managerial decision-making. Managers balance profitability with fairness, transparency, and cultural sensitivity, recognising that in Sabah's communal hospitality culture, sustained relationships and reputation outweigh short-term gains. This highlights the emergence of what can be termed *culturally adaptive persuasion*, where ethical reflection tempers behavioural biases.

From a theoretical perspective, this study advances understanding at the intersection of social psychology and managerial marketing by contextualising heuristics and persuasion within a developing, culturally diverse market. It shows that cognitive biases are not universal mechanical processes as they are shaped by local ethical norms, emotional expectations, and socio-cultural interactions.

From a practical standpoint, the findings suggest that training hotel managers in behavioural pricing literacy and emotional intelligence could enhance both revenue outcomes and ethical standards. Hotels should integrate psychological insights into pricing software and decision protocols, ensuring that persuasion remains transparent and value-driven.

Future research may extend these insights by adopting longitudinal or cross-cultural designs to compare heuristic-driven pricing across ASEAN hospitality markets. Quantitative modelling could also examine the interaction between emotional intelligence and pricing performance, providing a more comprehensive behavioural-economic framework for managerial pricing decisions.

In conclusion, Sabah's hotel industry offers a compelling case of how persuasion and bias coexist with empathy and integrity in pricing management. The study reaffirms that effective pricing is not just a matter of numbers, it is a reflection of human cognition, emotion, and ethics operating within a culturally meaningful marketplace.

### **Ethics Approval and Consent to Participate**

Ethical approval for this study was granted by the Ethics Review Committee of Universiti Putra Malaysia (UPM). All participants were briefed on the study's aims, voluntary nature, and confidentiality protocols before participation. Written informed consent was obtained for interview participation, recording, and use of anonymised quotations in research dissemination.

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## Conflict of Interest

The author declares that there are no conflicts of interest related to the design, implementation, or reporting of this study.

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