The effect of price communication on price unfairness perceptions

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Abstract

The effect of price communication on price unfairness perceptions Abstract Marketers who use peak load pricing can decide how to communicate their prices. If you have a high and a low price, should the low price be the standard price, and the high rush-hour-price be a price increase, or should it be the opposite way around? Two studies find that presenting high price as the standard price, and the low price as a price reduction, leads to less price unfairness perceptions. This is in line with the theory of loss-aversion, where loss and gain are relative, hence the relationship of loss-aversion and price unfairness is new. Pain of paying is tested as a moderator on the relationship. This relationship is found to be significant in the second study. In a peak load scenario with high and low prices, price communication influences consumer price unfairness perception, and the relationship seems to be moderated by consumers pain of paying. Keywords: Price Unfairness Track: Pricing & Promotions

Subject Areas: *Consumer Behaviour, Decision-Making, Pricing, Segmentation*

Track: Pricing & Promotions