

# A Special Price Just for You: Effects of Personalized Pricing on Consumers' Fairness Perceptions

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## **Abstract**

Recent technological advances provide sellers with consumer-individual data in real-time and at virtually no cost. Thus, they are able to set individual prices across consumers for exactly the same product, generally defined as personalized pricing. This research provides new insights on consumers' perception of personalized pricing by investigating three important angles. First, we shed light on the impact of the price aggregation level on consumer fairness perception, showing that consumers perceive individual prices as significantly less fair than segment prices. Second, we elaborate on the perception of different segmentation bases by showing that consumers perceive location-based pricing as significantly less fair than purchase history-based pricing. Third, this paper is the first to encounter the role of consumer privacy concerns in terms of fairness perceptions in the pricing context. We unveil that privacy concerns act as a moderator for the previous effects.

**Keywords:** *Personalized pricing; Fairness perception; Privacy concerns*

**Track:** Pricing & Promotions