

Increasing Customers' Willingness to Pay for Digital Products: The Contingent Role of Price Communication

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Abstract

Many customers have a low willingness to pay for digital products. Yet, insights on how to increase customers' willingness to pay are scarce. The present research investigates price communication, i.e. accompanying information that justifies the price of the digital product, as a means for increasing customers' willingness to pay for digital products. Drawing on equity theory, this research theoretically argues and empirically shows that price communication (vs. no price communication) increases customers' perceived price fairness and willingness to pay. Conducting a scenario experiment with a fitness app, we show that price communication boosts willingness to pay by 83%. The effect is strengthened as the degree of customers' technology readiness increases.

Keywords: *digital products; price communication; willingness to pay*

Track: Digital Marketing & Social Media