

Can Nostalgia Mitigate Consumers' Price Unfairness Perceptions in Response to Price Differentiation? Two Experiments

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Abstract

Prior research demonstrates that consumer perceptions of price unfairness lead to adverse consequences for firms. Thus, it is crucial to avoid prices that are likely to be perceived as unfair by relevant target groups altogether or find ways to mitigate such perceptions. We propose that consumer nostalgia plays such a mitigating role firms might utilize. Extant research highlights that nostalgia serves as a repository of positive emotions and can partially restore battered relationships, but no research to date examines nostalgia in the realm of price fairness. Two online experiments demonstrate that the negative effect of low (vs. equal) reference prices on price fairness perceptions is counteracted by high nostalgia, while illuminating the underlying process. The results imply that when targeted consumers are high in nostalgia, price differentiation can be pursued to a higher extent and with less severe consequences for marketers.

Keywords: *price differentiation; price fairness; consumer nostalgia*

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