

INFLUENCE OF FAMILIARITY AND PAST PATTERNS ON CHANGING WILLINGNESS TO PAY: A SATIATION AND HABIT FORMATION APPROACH

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Abstract

Willingness to pay (WTP) might change across periods of consumption, depending on the habitual level of consumption exhibited. This study tests that prediction in a tourism setting with a longitudinal research design that can reveal how consumer behavior changes, according to the formation of habits and satiation. These constructs influence WTP but have not been studied in relation to tourism before. Furthermore, this study reports on results from a survey that measures WTP over three different consumption periods. Reflecting models of habit formation and satiation, the habitual level of consumption exerts an S-shaped moderating effect on the relationship between WTP across multiple periods of time. This finding contributes to literature on dynamic pricing, revenue management, and tourism accommodation.

Keywords: *Willingness to Pay; Habitual Level of Consumption; Revenue Management*

Track: Pricing & Promotions