

# DOES PRICE TRANSPARENCY BENEFIT OR HARM ONLINE RETAILERS? A RETAILER AND CUSTOMER PERSPECTIVE

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## **Abstract**

So far, consumers have consulted price comparison sites to study price charts that display products' historical prices. Online retailers have been reluctant to show such information as prior studies found that price charts increase consumers' strategic purchase behavior. However, these studies are limited to laboratory settings and focused on purchase behavior only. Thus, we conducted a field experiment with a large European online retailer combined with a customer survey to examine how price charts affect actual search and purchase behaviors and the customer-retailer relationship. Our results show that price charts overall did not harm sales but purchase probability was contingent on chart characteristics. Further, introducing price charts did not negatively affect customers' search behavior and even fostered their relationship with the retailer brand. Our study contributes to reference price and retailing literature and depicts novel insights for marketing scholars and practitioners.

**Subject Areas:** *Customer Relationship Management and Customer Satisfaction, Decision-Making, Electronic Commerce and Internet Marketing, Information Processing, Pricing*

**Track:** Pricing & Promotions