

The Impact of Personalised Pricing and Anthropomorphised Agents on Consumer Purchase Decisions

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Abstract

Algorithmic pricing has become a wide spread application in the age of technological advancement. With the wide availability of data for retailers, the ability to track consumers using algorithmic pricing has become an integral option in online platforms. Yet, little is known about the role of AI agents in communicating and facilitating consumers' purchasing decisions. As such, this paper examines the use of AI in delivering and communicating prices in retail contexts. In specific, the research investigates how consumers might delay purchases, known as choice deferral, in response to personalised algorithmic pricing. Empirical findings indicate that implementing personalised algorithmic pricing would diminish consumers' trust, leading to their abandonment of purchases. However, this impact could be further mitigated when human-like agents and explanation would be provided. Taken together, these findings offer theoretical and practical insights into human vs. machine trade-offs in pricing contexts.

Subject Areas: *Consumer Behaviour, Decision-Making, Pricing, Retailing*

Track: Retailing & Omni-Channel Management