

Enhancing customer willingness to pay for digital services through the application of free-to-fee choice architecture

Joonas Keränen

RMIT University

Anna Salonen

University of Jyväskylä

Harri Terho

Tampere University

Juha Munnukka

University of Jyväskylä

Cite as:

Keränen Joonas, Salonen Anna, Terho Harri, Munnukka Juha (2024), Enhancing customer willingness to pay for digital services through the application of free-to-fee choice architecture. *Proceedings of the European Marketing Academy*, 53rd, (119347)

Paper from the 53rd Annual EMAC Conference, Bucharest, Romania, May 28-31, 2024



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Abstract

Many industrial firms pursue digital servitization, but customers often display a low willingness to pay for digital services, especially in cases where they have been previously given for free to customers. While prior studies indicate that the “free-to-fee” transformation of industrial services is a major challenge, there is little research on this issue. Thus, this study explores what kind of free-to-fee price choice architecture elements increase industrial buyers’ willingness to pay for digital services that they previously received for free. We integrate B2B service pricing and behavioral decision-making research and conduct scenario-based experiments with 409 industrial buyers. The results show that customers’ decision to accept free-to-fee digital services is not purely driven by economic rationality but also by social and psychological decision elements. This study offers novel contributions to the theory and practice of selling and pricing digital B2B services.

Subject Areas: *Business-to-Business Marketing, Pricing*

Track: Business-To-Business Marketing & Supply Chain Management