

The Research on Influence of Consumers Fairness Perception to Pay-What-You-Want on Purchase Intention

Hu Lizhen and Chen Wei

Krirk University, Thailand

Corresponding Author, Email: 510716549@qq.com

Abstract

This study investigated the impact of consumers' price fairness perception on purchase intentions within the Pay-What-You-Want (PWYW) pricing model. A sample of 1,000 valid responses was collected through questionnaire surveys measuring price fairness perception, purchase intention, brand loyalty, and word-of-mouth communication. Multiple regression analysis and stepwise regression analysis were employed to examine the relationships between variables and test the hypotheses.

The results revealed that consumers' price fairness perception significantly and positively influences their purchase intentions under the PWYW model, with varying effects across different consumer segments. Specifically, older consumers, female consumers, and higher-income consumers showed higher standards for price fairness and stronger purchase intentions. Additionally, price fairness perception positively affected brand loyalty and word-of-mouth communication. Based on these findings, it is recommended that businesses implementing PWYW pricing strategies should focus on providing price reference ranges, improving transparency, and fostering interactivity to enhance consumers' perception of price fairness and subsequently boost their purchase intentions. This research contributes to both the theoretical understanding of price fairness in innovative pricing models and practical applications in business strategy.

Keywords: Consumers Fairness Perception; Pay-What-You-Want; Purchase Intention

Introduction

In the rapidly evolving digital economy era, traditional pricing models face unprecedented challenges and transformations. Traditional pricing strategies, such as fixed-price and auction mechanisms, can meet market demands to some extent; however, they also have limitations, such as failing to satisfy individualized consumer needs and potentially causing market unfairness (Kim et al., 2022). Against this backdrop, a novel pricing model—the Pay-What-You-Want (PWYW) model—has gradually garnered attention from both academic and industry circles. The PWYW pricing model allows consumers to determine their own payment amounts, thereby granting them greater autonomy and enabling them to decide payment levels based on their perceived value of products or services. Although this pricing model can enhance consumer satisfaction and loyalty in certain scenarios, its actual efficacy remains influenced by various factors, one of which is consumers' price fairness perception (Birnberg et al., 2021).

* Received: December 5 2027; Revised: December 13 2024; Accepted: December 15 2024

Consumers' price fairness perception refers to their subjective evaluation and perception of product or service prices, reflecting their cognitive and attitudinal assessments regarding the fairness, reasonableness, and appropriateness of prices (Roy et al., 2021). This perception not only influences consumers' purchase intentions but also impacts their brand loyalty and word-of-mouth dissemination. In traditional pricing models, consumers generally perceive fixed prices as a fair and reasonable pricing method. However, in the PWYW model, consumers' price fairness perceptions become more complex and multidimensional. Recent studies have shown that while consumers may feel more fairly treated by deciding their own payment amounts, thus increasing their purchase intentions, the lack of price reference standards may create uncertainties, thereby affecting their purchasing decisions (Narwal et al., 2021).

Despite growing interest in PWYW pricing strategies, there remains a significant research gap in understanding how consumers' price fairness perceptions influence their purchase decisions in this context. Prior research has primarily focused on the general effectiveness of PWYW models (Santana & Morwitz, 2021) or their implementation in specific industries (Kukla Gryz et al., 2022), but has insufficiently addressed the psychological mechanisms underlying consumer behavior in PWYW settings. Additionally, while studies have examined price fairness perception in traditional pricing contexts, its role and impact in participative pricing models like PWYW remain understudied. Therefore, this research aims to bridge these gaps by investigating the relationship between price fairness perception and purchase intention in the PWYW context, providing both theoretical insights and practical implications for businesses implementing such innovative pricing strategies.

Research Objectives

This study aims to investigate the relationship between consumers' price fairness perception and purchase intention within the PWYW pricing model. The research objectives are threefold:

1. To examine whether consumers' price fairness perception significantly influences their purchase intention under the PWYW model;
2. To analyze how this influence varies across different consumer segments, considering demographic and psychographic factors;
3. To identify effective strategies for businesses to enhance consumers' purchase intention by improving their price fairness perceptions.

Research Methodology

This study adopted a quantitative research approach to examine the relationship between consumers' price fairness perception and purchase intention in the PWYW pricing context. The methodology was designed to systematically address the research objectives through empirical investigation.

1. Population and Sample

The target population comprised consumers with experience or familiarity with PWYW pricing models. A sample of 1,000 valid responses was obtained through purposive sampling. The sampling process ensured representation across different demographic segments to enhance the generalizability of findings. Participant selection criteria included

prior exposure to PWYW pricing scenarios and demographic diversity to capture varying consumer perspectives.

2.Data Collection

Data collection was conducted through a structured questionnaire designed to measure the key constructs. The questionnaire consisted of multiple sections:

- (a) Price fairness perception measurement (including dimensions of price reasonableness, transparency, and reference standards)
- (b) Purchase intention assessment
- (c) Brand loyalty evaluation
- (d) Word-of-mouth communication measurement
- (e) Demographic information

All construct measurements employed a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The questionnaire was pilot-tested with 50 respondents to ensure clarity and reliability before full-scale implementation. The data collection process spanned three months to ensure adequate response rates and sample representation.

3.Data Analysis

Statistical analysis employed multiple approaches to address the research objectives:

Descriptive statistics were utilized to analyze demographic patterns and response distributions.

Multiple regression analysis examined the direct relationship between price fairness perception and purchase intention.

Stepwise regression analysis identified the most significant predictors among various dimensions of price fairness perception.

Subgroup analysis investigated demographic variations in the relationship between variables.

Reliability analysis using Cronbach's alpha ensured measurement consistency.

The analysis followed a systematic approach, first examining the direct relationships between variables, then investigating moderating effects, and finally analyzing secondary outcomes. Statistical significance was assessed at the $p < 0.05$ level, and all analyses were conducted using statistical software to ensure accuracy and reliability of results.

4.Conceptual Framework

Based on previous literature and theoretical foundations, this study proposes a conceptual framework that depicts the relationship between price fairness perception and purchase intention, with demographic factors as moderating variables. The framework suggests that consumers' price fairness perception directly influences their purchase intention, and this relationship is moderated by age, gender, and income level. Additionally, the framework incorporates the secondary effects on brand loyalty and word-of-mouth communication as extended outcomes.

Results

This study, through a questionnaire survey and empirical analysis, explores the impact of consumers' price fairness perception on their purchase intention under the Pay-What-You-Want (PWYW) pricing model. The findings indicate that consumers' price fairness perception has a significant positive effect on their purchase intention in the PWYW model, with this effect varying across different consumer groups. Specifically, consumers' price fairness perception not only significantly increases their purchase intention, but also positively influences their brand loyalty and word-of-mouth communication.

1. Impact of Consumer Price Fairness Perception on Purchase Intention

The study reveals that consumers' price fairness perception significantly and positively influences their purchase intention under the PWYW model. The questionnaire included multiple dimensions to measure consumers' price fairness perception, such as price reasonableness, price transparency, and price reference standards. Regression analysis shows that when consumers perceive the price as fair and reasonable, their purchase intention increases significantly. This finding aligns with fairness theory in existing literature, which suggests that consumers' perception of price fairness directly impacts their purchasing decisions.

In particular, the research found that when consumers have a higher perceived value of a product or service, the impact of their price fairness perception on purchase intention becomes more pronounced. Consumers with high value perceptions are more likely to believe that the price they pay is aligned with the value they receive, thus perceiving the price as fair and reasonable. Conversely, consumers with low value perceptions may lack clear price reference standards, leading to doubts about the price, which in turn affects their purchase intention.

2. Differences in Impact Across Consumer Groups

The study further examines how the impact of price fairness perception on purchase intention differs across consumer groups. Through subgroup analysis, it was found that factors such as age, gender, and income level significantly influence consumers' price fairness perception and their purchase intention.

Firstly, older consumers demand higher price fairness standards. The study found that older consumers tend to perceive prices as fairer and more reasonable in the PWYW model, which subsequently increases their purchase intention. In contrast, younger consumers, being more price-sensitive, may have doubts about the price they are asked to pay, leading to lower purchase intention. This could be attributed to younger consumers' greater emphasis on cost-effectiveness and sensitivity to price changes.

Secondly, gender differences also play a role in price fairness perception and purchase intention. The study found that female consumers are more demanding in terms of price fairness perception compared to male consumers. Female consumers place greater emphasis on price reasonableness and transparency, which enhances their purchase intention. In contrast, male consumers may prioritize product functionality and performance, making them less sensitive to price variations.

Additionally, higher-income consumers tend to perceive the price as fairer and more reasonable under the PWYW model, thereby increasing their purchase intention. Higher-income consumers exhibit lower price sensitivity and are more willing to pay premium prices for high-quality products or services. In contrast, lower-income consumers, being more price-sensitive, may have doubts about the price, which reduces their purchase intention.

Impact of Price Fairness Perception on Brand Loyalty and Word-of-Mouth Communication

Beyond its effect on purchase intention, the study also found that consumers' price fairness perception positively influences brand loyalty and word-of-mouth communication. Specifically, when consumers perceive the price they pay as fair, their brand loyalty significantly increases. Consumers with high price fairness perception are more likely to believe that they have established a good trust relationship with the brand, which in turn enhances their loyalty to the brand.

Furthermore, consumers' price fairness perception positively affects their word-of-mouth communication. The study found that when consumers feel the price is fair, they are more inclined to recommend the brand or product to others. Consumers who perceive the price as fair are more likely to share their positive purchasing experiences, thus enhancing the brand's word-of-mouth marketing.

To test the hypotheses, the study employed multiple regression analysis. The data was sourced from a large-scale survey, collecting 1,000 valid responses. The study variables included consumers' price fairness perception, purchase intention, brand loyalty, and word-of-mouth communication. Stepwise regression analysis revealed a significant and positive impact of price fairness perception on purchase intention. Moreover, price fairness perception also had a significant and positive impact on brand loyalty and word-of-mouth communication.

Discussion

This study's findings provide several significant insights into the relationship between price fairness perception and purchase intention in the PWYW pricing context. The discussion of key findings and their implications is presented below, along with comparisons to previous research.

First, our results demonstrate that consumers' price fairness perception significantly and positively influences purchase intention under the PWYW model. This finding aligns with Roy et al. (2021), who found that price fairness perception serves as a critical anchoring mechanism in PWYW pricing decisions. However, our study extends this understanding by revealing that the relationship is particularly pronounced when consumers have higher perceived value of the product or service, a nuance not previously emphasized in the literature.

Second, our research reveals distinct demographic patterns in price fairness perception and purchase intention. Notably, older and female consumers showed higher standards for price fairness and stronger purchase intentions. This finding partially contradicts Santana and Morwitz's (2021) research, which found less pronounced gender differences in PWYW contexts. However, our results support Kim et al.'s (2022) findings regarding income-based differences in PWYW pricing acceptance, particularly concerning higher-income consumers' greater willingness to pay premium prices.

Third, the study identifies a strong positive relationship between price fairness perception and brand loyalty, confirming and expanding upon Birnberg et al.'s (2021) findings in the performing arts context. However, while Birnberg et al. primarily focused on immediate purchase decisions, our research demonstrates longer-term effects on brand loyalty and word-of-mouth communication, suggesting broader implications for customer relationship management.

Fourth, our findings regarding the role of price transparency and reference standards in shaping fairness perceptions contribute to the existing literature. While Narwal et al. (2021) emphasized moral disengagement in participative pricing, our results suggest that providing clear price reference ranges and maintaining transparency can effectively mitigate such concerns. This insight offers a practical solution to a theoretical challenge identified in previous research.

Furthermore, our study reveals that the impact of price fairness perception varies significantly across different consumer segments, with particular emphasis on age, gender, and income level. This finding adds a new dimension to the existing literature on PWYW pricing, which has typically focused on general consumer behavior rather than segment-specific responses. The identification of these demographic variations provides valuable insights for targeted marketing strategies and pricing implementations.

These findings collectively suggest that successful implementation of PWYW pricing strategies requires careful consideration of both consumer perceptions and demographic characteristics. The results not only contribute to the theoretical understanding of price fairness in innovative pricing models but also offer practical implications for businesses implementing PWYW strategies.

Conclusion

This study empirically verifies the impact of consumers' price fairness perception on purchase intention under the PWYW pricing model. The findings show that consumers' price fairness perception significantly and positively influences their purchase intention, with this effect differing across various consumer groups. Specifically, consumers with high value perceptions, older consumers, female consumers, and high-income consumers have higher standards for price fairness, which increases their purchase intention. Additionally, consumers' price fairness perception also positively affects their brand loyalty and word-of-mouth communication.

These findings not only enrich the application of price fairness theory in new pricing models but also provide valuable insights for businesses implementing PWYW pricing strategies. Companies can enhance consumers' purchase intention by offering price reference ranges, improving transparency, and fostering interactivity. Furthermore, businesses can strengthen brand trust and word-of-mouth communication to further enhance consumer loyalty and market influence.

This study provides a new perspective and approach for pricing strategies in the digital economy era, offering insights into how price fairness perception affects consumer behavior in the PWYW model. Future research could further explore the application of PWYW models in different industries and markets, as well as how pricing strategies can be improved to maximize both business profits and consumer welfare.

Suggestions

Based on the research findings regarding the impact of consumers' price fairness perception on purchase intention in the PWYW pricing model, three key suggestions are proposed for practical implementation and future research directions.

1. Development of Price Reference Systems and Value Communication

Given our findings about the significant impact of price fairness perception on purchase intention, businesses should establish clear price reference systems and enhance value communication. This includes providing transparent price ranges based on market standards, offering detailed value propositions, and implementing interactive pricing platforms. Companies should develop targeted strategies for different consumer segments, particularly considering the distinct preferences identified in our study regarding older consumers, female consumers, and various income groups in terms of price fairness standards and transparency requirements.

2. Enhancement of Brand Relationships and Customer Communication

To leverage the positive relationship between price fairness perception and brand loyalty discovered in this study, organizations should focus on building strong brand relationships through transparent pricing practices. Companies should develop loyalty programs that recognize fair payment behavior and create platforms for satisfied customers to share their experiences. This approach can strengthen both brand loyalty and word-of-mouth communication, as our findings indicate that consumers with high price fairness perception are more likely to recommend the brand to others and maintain long-term relationships.

3. Future Research Directions and Industry Applications

Future research should expand upon this study by conducting longitudinal investigations to examine how price fairness perceptions evolve over time and exploring cross-cultural variations in PWYW pricing acceptance. Studies should investigate the role of digital platforms in shaping price fairness perceptions and examine the interaction between price fairness perception and other psychological factors affecting purchase decisions. Additionally, different industries should adapt PWYW pricing strategies according to their specific market contexts and develop standardized measurement tools for assessing price fairness perception.

These suggestions aim to enhance both the theoretical understanding and practical implementation of PWYW pricing strategies, enabling businesses to better leverage price fairness perception for improved purchase intentions and stronger customer relationships.

References

- Birnberg, J., Choi, J., & Presslee, A. (2021). Giving Customers Decision Rights: A Field Study of Pay-What-You-Want Pricing at a Performing Arts Theater*. *Accounting Perspectives*, 20(2), 201–225.
- Kim, B. C., Park, S. E., & Straub, D. W. (2022). Pay-What-You-Want Pricing in the Digital Product Marketplace: A Feasible Alternative to Piracy Prevention?. *Information Systems Research*, 33(3), 784-793.
- Kukla Gryz, A., Zagórska, K., & Szewczyk, P. (2022). Cross-cultural differences in voluntary payment decisions. Evidence from guided tours. *Journal of Tourism and Cultural Change*, 20(1-2), 78-99.

- Narwal, P., Nayak, J. K., & Rai, S. (2021). Assessing customers' moral disengagement from reciprocity concerns in participative pricing. *Journal of Business Ethics*, 1-18.
- Roy, R., Sharma, P., Chan, R. Y. K., & Potdar, V. (2021). Exploring the role of spotlight effect in pay-what-you-want (PWYW) pricing—An anchoring and adjustment perspective. *Psychology and Marketing*, 38(5), 866–880.
- Srivastava, A., Mukherjee, S., Datta, B., & Shankar, A. (2023). Impact of perceived value on the online purchase intention of base of the pyramid consumers. *International Journal of Consumer Studies*, 47(4), 1291-1314.
- Saccardo, S., Li, C. X., Samek, A., & Gneezy, A. (2021). Nudging generosity in consumer elective pricing. *Organizational Behavior and Human Decision Processes*, 163, 91–104.
- Santana, S., & Morwitz, V. G. (2021). The Role of Gender in Pay-What-You-Want Contexts. *Journal of Marketing Research*, 58(2), 265–281.