Department SEMINARS

Consumer Resistance to Price Transparency in High-End Online Retail

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THURSDAY, 9 MAY 2025 11:00 AM

Seminar Room Bruguier Pacini, DEM

ABSTRACT

As the digital world has empowered consumers by reducing the information asymmetries between sellers and buyers, price transparency-companies' practice of disclosing the cost breakdowns involved in product manufacturinghas become a common practice among businesses, especially in e-commerce. Although its positive impact has been widely documented and people should want to receive price information that is costless and relevant for a decision, this paper demonstrates that they sometimes want to remain ignorant about overly transparent pricing information when it pertains to high (vs. low-) premium goods. We reasoned that price transparency elicits interpersonal want-should conflictthe should preference to receive the disclosure of cost breakdown and the want preference not to see-because it could make their judgment and decision look questionable and reduce the joy of consuming high premium products. As a result, price transparency can backfire, and thus lead to lower attitudes and purchase intentions. We further found that this tendency becomes prevalent when the premium products in e-commerce originate from a high-equity country (e.g., a fashion brand from Italy); the adverse effect of price transparency disappears when those products are learned to be manufactured in a low-equity country (e.g., a fashion brand from China).

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