Dynamic Pricing -
A Matter of Attitude

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Abstract

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1. Introduction

Customers do not like the idea of another customer getting a better deal on the exact same item and at the exact same time. This is something that can trigger emotions of discrimination. With dynamic pricing a price can shift based on location data, time of the day or week as well as personal preferences (Duprey, 2019), demand and competition (Bhattacharyya, 2019). This is feasible today since new possibilities to analyze and profit from customers’ buying patterns have emerged from the development of databases and technological infrastructure (Garbarino and Lee, 2003). Internet provides companies with access to information about customers’ browsing history. Several levels of details about the online purchase may be extracted from this data, such as (1) measures of how long a customer hoovers with the mouse over an item, (2) the websites and former information that have been visited or consumed prior the purchase and (3) how long a customer’s items are stored in the shopping cart before final purchase (Khan, 2017). This enables companies to categorize their customers into various customer groups, such as “high spenders” (Zuiderveen Borgesius et. al., 2017). However, due to that price changes over time, Zuiderveen Borgesius et. al. (2017) point out the difficulty to prove whether price difference is due to time or knowledge about the consumer. On the digital media site Digiday UK, Bhattacharyya (2019) claims that “Dynamic pricing is a symptom of the physical retail era being squeezed by online competition”. She explains that in order to stay competitive, big-box store companies like Walmart, Target and Amazon are “tweaking” prices and offers on everyday basis primarily in their online platforms. Amazon's online platform states that with their prime membership a customer can get “Fast, free and convenient ways to get millions of items, from unlimited Two-Day Shipping the Same-Day and 2 Hour-Delivery in select areas” (Amazon, 2019).

Whilst customers suppose price consistency between web shops, apps and physical stores, prices may in fact vary across channels (Bhattacharyya, 2019). A TV station in Minneapolis, U.S., reported that consumers were displayed different prices in Target’s app, based on if they were in the physical store or not. As revealed, Target used geolocation capabilities in their app to adjust the price based on the position. This is an example of dynamic pricing (Duprey, 2019). Yet an example is the market leader Amazon, whose algorithms adjust and set new prices on items up to a million times per day. A change can occur after an item is stored in their cart, as a part of promotion or to match any price on the same item by other retailers that undercuts Amazon’s prices. It has been claimed that their pricing is based on customers’ intent, pricing patterns at other competitors and the demand. Though, Amazon states that their sellers can set their own prices but that they do not adopt prices based on geolocation or surge pricing (Bhattacharyya, 2019). Ken Ominet, CEO at the software company Engage3, deals with retailers’ pricing strategies and states that “Retailers are competing with Amazon with eyes wide open; they realize it’s a different game”. He argues that “You can’t fight that the pricing becomes more localized, more dynamic and personalized - in five to 10 years everything you buy will be based on personalized offers” (Bhattacharyya, 2019).

Various price tracking tools have evolved as a counter reaction to the emergence of market platforms that use dynamic pricing. These alert when price drops have appeared. Naming two,
*Keepa* (2019) is a premium site offering to “compare and track international Amazon prices” and *Camel Camel Camel* (2019), which is a free price tracker for Amazon. The emergence of price comparison tools somehowsignalizes that customers are bothered by the dynamic prices.

But, despite this advanced use of dynamic pricing in modern times, it is not a new phenomenon. It has been applied in several industries such as in styles-goods markdown pricing, air travel ticket pricing and consumer-packaged goods promotions (Christ, 2011). Instead, what is significant about dynamic pricing for the time being is the extensive possibilities for companies to implement dynamic pricing strategies, and for customers to track and compare those price changes. This immediately contradicts the underlying concept of fairness in pricing, which implies that customers ought to pay the same price for the same product (Haws et al., 2006). Traditional consumer buying theories suggest that customers ought to maximize their utility (Ferguson and Bodea, 2011). Since a dynamic price setting implies that identical goods are charged based on non-utility related properties, this strategy clearly challenges traditional thinking of how customers ought to react on price strategies. It jeopardizes customers’ perceived trust and fairness in firms, possibly causing disloyalty to companies and feelings of distrust, dishonesty and unfairness. However, previous studies show that sometimes customers are willing to pay a higher price for a product, given that there is a payback in service or treatment. Purchasing a Coca Cola in a restaurant at a higher price than at the supermarket might therefore be found acceptable due to the complementary services offered (Hows and Bearden, 2006).

In defiance of the risks of violating customers’ perception of fairness and trust, and despite these possible consequences on the relationship among companies and customers, dynamic pricing is trending in the digital business landscape. Moreover, the adoption of the strategy is predicted to accelerate. A major reason for companies to incorporate dynamic pricing in their business and sales strategy is due the opportunity to capture a larger share of consumer surplus (Garbarino and Lee, 2003). Dynamic pricing raises opportunities for companies to increase prices for coveted goods, lower on the low-demand goods and increase the sales volume. It also includes an instant matching or beating of competitors’ prices (Duprey, 2019). Followed from an extensive use of dynamic pricing, companies can make a greater profit over a shorter period of time. However, it can be questioned if they will retain the customers and profit from the dynamic pricing strategy in the long run. Calculations made by McKinsey reveal that companies may increase their profitability with 7.4% if the prices on their products increase by 1%, given a constant volume of sales (Garbarino and Lee, 2003). Nevertheless, this presumed profitability somehow rely on that customers are not too upset by the price dynamics but stay with the firm. Therefore, investigating the customer’s view on dynamic pricing is of crucial importance. Based on this, the aim of this thesis is to investigate customers’ attitude to dynamic pricing on the online market platform. The thesis aims to answer how dynamic pricing affects a customer’s attitude to a company, and why it is important for companies to consider these effects.
2. Theory

The theory section begins with introducing the concept of dynamic pricing as a price discrimination strategy, which is a key concept in the thesis. The second part introduces the concepts of attitude. The third part presents the concepts of customer value, customer satisfaction, customer loyalty and how these relate in an online setting. These components, in addition to price fairness and trust, and their interrelationships are summarized and modelled in the finishing section. Together, the model provides a framework for the empirical work that aims to examine customer’s attitude to dynamic pricing.

2.1 Price Discrimination and Dynamic Pricing

There exists a wide range of pricing strategies that companies may adopt. Charging customers with various prices for the same service or product is referred to as price discrimination. In addition to this, modern information technologies and the digital age have increased the possibilities of a dynamic price setting (Kannan and Kopalle, 2001) and “among various pricing strategies, dynamic pricing has become a commonly practiced price discrimination strategy” (Dai, 2010, p. 1). Dynamic pricing is a pricing strategy defined as the process of adjusting the price of a product or service during the vending season to respond on change in demand (Christ, 2011). Thus, customers are offered a price based on their propensity and willingness-to-pay. Previous studies on customers’ perception of price change in the offline market have shown that price fluctuations influence the customers’ attitudes, behaviors, evaluations, satisfaction and intentions (Kyung et. al, 2016: pp. 1004-1017). Because of this, it is relevant to relate dynamic pricing as a price discrimination strategy to the concepts of customer satisfaction, value, fairness, trust and loyalty.

2.1.1 Understanding the Means of Price Discrimination

There are different degrees of price discrimination, whereas the first one is considered as the most extreme since it targets a person individually (Marburger, 2015). With price discrimination, the profit output is larger than with a single pricing strategy, and each good is sold to the highest price the market will bear. Price discrimination can be used when customers are loyal, implying that prices do not have to match. However, if the prices are too extreme even the most loyal customer might go to some other company. Nonetheless, it is difficult to extract all consumer surplus and reach profit maximization with price discrimination methods (Marburger 2015, pp. 49-55). Consumer surplus arises when a customer is prone to pay more than the current market price (Investopedia, 2019).

In dual entitlement theory customers perceive the price as fair if the price is based on a reference price, governed by the notion that it is created in relation to a reference level of profit (Richard et. al., 2015). A reference price is when a product is sold for less than an adversary’s price of an equivalent product (The Economic Times, 2019). According to transaction utility theory, customers benefit from the perception of paying less than the reference price which could be created from intrapersonal comparison. A perception of unfairness is created when customer pay a higher price based on increased demand instead of reference. If this occurs in an
environment with complete price-transparency it might induce perception of unfairness (Richard et. al., 2015). As Richard et. al. (2015: p. 138) states “customer perceptions of price fairness are key to the sustainability of any discriminatory pricing regime”. Fairness perception is influenced by factors such as buyer-seller relationship, transaction similarity, social norms, comparison choice, a customer’s price awareness and information or knowledge about profits. Disadvantaged inequity, referring to when a customer experience price unfairness, arises negative emotions among customers and might result in a behavior with unfavorable intentions. This could involve spreading adverse word-of-mouth, seek legal actions, criticism and bad reviews. Charging a customer that purchase on a regular basis with higher prices is considered unfair and violates their trust (Dai, 2010), credibility, and could reduce repurchase intentions (Richard et. al., 2015).

Trust is defined as customers’ willingness to employ a risk-taking behavior. Trust is critical for a company's success and is fundamental when building a long-term relationship between a firm and customers. To maintain long-term trust, the seller should not take advantage of any information asymmetry that they possess. This asymmetry could e.g. be due to technological advancement, where information about consumers can be extracted and stored in databases. The online setting makes the establishment of trust more difficult, since there is no human contact (Garbarino and Lee, 2003). Garbarino and Lee (2003, p. 509) state in their study that “Dynamic pricing offers a theoretically sound way to increase the price to those consumers who are least price sensitive” and stress that companies can make profits but that dynamic pricing have impact on both the formation of trust and the mean levels of it.

2.2 The Concept of Attitude

Marketing literature presents various definitions of attitude. However, there are two main understandings of attitude. The first one, constructive attitude, sees the object or service evaluation as instant and context-dependent. The second one, functional attitude, sees attitude as a firm object-related association developed over time, stored and extracted from memory. Even though it is assumed that attitudes are stored in the memory, attitude-retrieval activities from memory could be triggered by situational circumstances (Argyriou and Melewar, 2011). Nevertheless, attitude is generally explained as a construct that represents “a summary evaluation of psychological object captured in such attribute dimensions as good-bad, harmful-beneficial, pleasant-unpleasant, and likeable-dislikeable” (Argyriou and Melewar, 2011, p. 432). Also, attitude is an overall evaluation judgement that is closely related to customer value, satisfaction and quality (Holbrook, 1999). In the scope of this study, this notion of ‘attitude’ refers to customer’s evaluation of a dynamic price setting. It follows from Argyriou and Melewar (2011) that this evaluation process occurs during the purchase moment, but also that it may be influenced by past purchase experiences.

2.2.1 Understanding the Means of Customer Value

Marketing Science Institute proclaims that “One of the most important tasks in marketing is to create and communicate value to customers to drive their satisfaction, loyalty, and profitability”
Additionally, Cohen (cited in Dodds 1999: pp. 13-22) stressed that the competitive advantage of a firm can be profitably exploited given that it can be converted to customer value satisfaction. Customer orientation relies on providing customers with a coveted value, listening to customer needs and integrate customer-delivered information, relationship building activities and surveying the level of customer satisfaction (Doligalski, 2015).

2.2.2 Nature of Customer Value

Recognizing the importance of customer value, Holbrook (1999) has proposed a typology of customer value. In this thesis it will be used to conceptualize the means of customer value. According to Holbrook (1999), customer value constitutes an “interactive relativistic preference experience” and typically refers to the evaluation of a product by a customer (Holbrook, 1999, p. 5). By interactive, Holbrook (1999) claims that value is an interaction between one or many customers and some product or service. By relativistic, Holbrook (1999) states that value is comparative, personal and situational. Here, value is comparative in that the value of an object is stated in reference to another object by the same individual. Thus, legitimate value statements are intrapersonal comparisons among objects. With being personal, the assessed value differs among individuals. This attribute of customer value is the foundation of customer segmentation in marketing strategies. The situational aspect suggests that customer value is depended on the context of the value assessment. By preferential, Holbrook (1999) states that customer value embodies some preferences, expressed in e.g terms of attitude, evaluation, opinion and response tendency. By experience, Holbrook (1999) claims that the customer value lays in the consumption experience derived from a purchase rather than the purchased product itself. From this, Holbrook (1999:9) proposes that “all products provide services in their capacity to create need- or want-satisfying experiences”. This interpretation of customer value implies that the value of a purchase differs among individuals, is judged in comparison to other purchases, and is continuously re-evaluated. Therefore, an identical purchase may be found as valuable by one customer, but not as valuable by another customer. Also, a customer may find a purchase valuable at one time, but as circumstances change, the purchase could tilt and be seen as valueless.

2.2.3 Typology of Customer Value

Related to the aforementioned nature of customer value, Holbrook (1999) proposes a framework of eight types of customer value that aims to categorize different types of value in a consumption experience, namely: aesthetics, efficiency, ethics, esteem, excellence, status and spirituality. These values are suggested to span across three dimensions of customer value, distinguished as: extrinsic versus intrinsic value, self-oriented versus other-oriented value and active versus reactive value (Holbrook, 1999). Furthermore, these dimensions should be viewed as “a set of continua running” (Holbrook, 1999, p. 10), meaning that they interact throughout the customer experience.

First Dimension: Extrinsic and Intrinsic Customer Value
Extrinsic value occurs when consumption is valued for its “functional, utilitarian, or banausic instrumentality in serving as a means to accomplishing some further purpose, aim, goal or objective” (Holbrook, 1999, p. 10). Contrary to extrinsic value is intrinsic value, which refers to when the consumption experience is valued as an end in itself.

Second Dimension: Self-oriented and Other-oriented Customer Value

Self-oriented value occurs when the customer value of a consumption experience is valued for his or her sake, for how he or she reacts on it or for the effect it has on him or her. In contrast to self-oriented value is other-oriented value. In the case of other-oriented value, the consumption experience is valued for others sake, for how others react to it or for how the effect it has on others (Holbrook, 1999).

Third Dimension: Active and Reactive value

Active value occurs when the customer acts on or with a product as a part of the consumption experience. Active value entails some sort of physical or mental manipulation of a physical or a non-physical object (Holbrook, 1999). Contrary to active value is reactive value. Reactive value occurs when a product does something to or with a customer as a part of the consumption experience. Reactive value entails from appreciating, admiring and responding to some object (Holbrook, 1999).

2.2.4 Definitions of Customer Value

The typology of customer value proposed by Holbrook (1999) provides a conceptualization of customer value. However, it is broad by nature and despite providing the means of value, there is a need of narrowing down the concept to fit the purpose of this thesis. Therefore, this thesis will focus on one of Holbrook’s presented value type, namely excellence, motivated by that “excellence in general and quality in particular are closely related to the experience of customer satisfaction” (Holbrook, 1999, p. 15). Since excellence and quality carry the same meaning in the presented theory, this thesis will assemble both concepts in the notion of quality.

Based on Holbrook’s (1999) definition of customer value as an interactive relativistic preference experience, Oliver (1999) exploits the relationship between consumption experience and customer value. The consumption experience relates to the third dimension of value, namely active versus reactive value. When analyzing customer behavior, the active value refers to the consumption while the reactive value refers to the pre- and post-consumption (Oliver, 1999). Notwithstanding, the customer value judgement is dynamic since customers’ expectations invariably change (Blocker et. al, 2011). Customer value is the sum of benefits the customer is perceiving or expecting, reduced by the unwanted consequences that comes along with them (Kumar and Reinartz, 2016). Treacy and Wiersma (cited in Dodds 1999: pp. 13-22) have identified four key drivers of value: price, cost, demand and quality (Dodds, 1999).

Furthermore, value is created either instantly or as a delay during the consumption experience. However, when the consumer is willing to transact, the assessment of that offering among various ones requires the comparison to a standard (Kumar and Reinartz, 2016). Holbrook
(1999) refers to this as a value being comparative. According to Kumar and Reinartz (2016), a standard is e.g. a past experience, concurrent competitive offerings or expectations. This is what Holbrook (1999) refers to as value being personal and situational.

2.3 Customer Satisfaction and Quality

This thesis will exclusively treat customer’s online service satisfaction, since dynamic pricing relies on algorithms and databases that analyze customers’ online behavior and update prices accordingly. For this reason, customer satisfaction is only regarded in terms of perceived online service quality coupled to experience. This view is shared by Holbrook (1999) and is fundamental for using his typology of customer value.

According to Oliver (1981: p. 27) customer satisfaction is “the psychological summary of resulting” and is situation-specific. In turn, perceived service quality is formed by an overall value assessment, performed and influenced by the surrounding environment (Zeithaml, 1988). This view of understanding perceived service quality as similar to attitude is shared by Holbrook (1999). Thus, the perceived service quality is based on a general judgement of the superior service while satisfaction is coupled to a specific transaction. That is, customers may perceive satisfaction due to a particular purchase, while the perception of quality derives from a stream of several satisfactory purchase experiences.

In traditional offline services, the perceived service quality refers to dimensions such as reliability, ease of use, responsiveness and competence. However, perceived service quality in an online service setting also involves security, which will be further mentioned in section 2.4.1, and product portfolio. In the case of an online context, the reliability factor refers to correct performance, accurate online transactions, fulfilled promises and accurate records. The ease of use factor refers to the design and structure of the website. The responsiveness aspect refers to prompt customer service. The competence aspect refers to employees’ ability to answer customers’ questions. The security aspect refers to safety in completing online transactions and secure handling of personal data. The product portfolio aspect refers to the range and depth of products, included online functions and various free service functions (Yang et al., 2004).

2.3.1 The Relationship between Customer Satisfaction and Loyalty

As Oliver (1999) points out, there is an asymmetric relationship between the closely related concepts of customer satisfaction and loyalty. Typically, loyal customers are satisfied customers (Oliver, 1999). Nevertheless, a customer can be loyal without being satisfied or satisfied without being loyal. Loyalty and satisfaction are not each other’s surrogates (Shankar et. al., 2014). Shankar et. al. (2013, p. 173) state that “Satisfaction builds loyalty, which reinforces satisfaction, a phenomenon which is stronger online than offline. Service marketers should consider developing special loyalty-enhancing initiatives for their online customers to reinforce overall satisfaction.” Thus, it is of importance to discuss customer loyalty when considering satisfaction.
2.4 Customer Loyalty

A company uses marketing for communicating and creating value to customers to extract their loyalty (Kumar and Reinartz, 2016) and loyal customers are seen as a key element to a company’s success. Senić and Marinković (2014, pp. 136-137) define loyalty as the “customer’s intention to give exclusive patronage to a particular product or service over a sustained period of time”. When a customer recognizes an offer as the highest value, it ends in attitudinal loyalty or satisfaction, and behavioral loyalty or choice (Kumar and Reinartz, 2016). Loyalty thus has two components, namely behavioral loyalty and attitudinal loyalty. Attitudinal loyalty is viewed as “the level of continuous favorable disposition” to a value coupled to the company or brand. Attitudinal loyal customers have a strong and not easily broken attachment bond to the company or brand (Shankar et. al., 2014). Behavioral loyal customers continuously purchase from the same company or brand (Senić and Marinković, 2014), but might also be spuriously loyal, meaning that they purchase from the company or brand until they find a more attractive offer somewhere else (Shankar et. al., 2014).

Furthermore, a customer can experience divided loyalty. Divided loyalty arises from either comparative advantages or equivalence. Customers who show this type of loyalty display “similar, strong, and favorable levels of overall predisposition commitment toward two or more closely competing firms or brands based on perception of their respective value offerings” (Ramaswami and Arunachalam, 2016, p. 771). By equivalence, Ramaswami and Arunachalam (2016) refer to that the level of attitudinal loyalty can be held high and similar to more than one firm. This is if they offer similar value proposition.

2.4.1 Loyalty in an Online Setting

Shankar et. al. (2014) point out that the online environment and its means for companies to personalize and conduct interactive marketing might impact customer loyalty. Customers tend to think of the online shopping as more complex than the offline shopping. Also, the product performance risk is perceived as higher and level of involvement lower in the online transaction (Kyung et. al, 2016). Moreover, a study conducted by Huseynov and Yıldırım (2016) showed that security and privacy are factors that negatively influence customer loyalty in online contexts. Security was one of the online service quality parameters brought up by Yang et al. (2004).
3. Proposed Analysis Model

To evaluate customers’ attitude to dynamic pricing, the presented theory is interpreted as the depicted model in figure 1. The model follows a top-down approach, where the occurrence of a price change is supposed to uncover the attitude on dynamic pricing. This interpretation assumes that as a price change occurs, the customer experience is affected by the price change and the value offer is re-evaluated by the customer. This understanding is fundamental in Holbrook’s (1999) value typology and is further supported by Blocker et. al (2011) and Oliver (1981). Furthermore, the model proposes that customer experience may concern a specific purchase, and be noticed as satisfaction, or cover the judgement of the overall experience, and thus be seen as quality. Customer value is assumed to involve both time horizons. The choice of these key aspects constituting the customer experience in figure 1 is motivated by the way in which the concepts are entangled, as presented in the theory section. Additionally, by relying on previous findings (Marburger, 2015) that indicate that raising prices as a response to excess demands or to increase a firm’s profit is generally perceived as unfair among customers and may negatively impact on loyalty, the price change is presumed to impact on customer loyalty and fairness. Also, due to previous findings (Garbarino and Lee, 2003) the model proposes that price changes may impact on trust. Altogether, these aspects and interrelationships are supposed to capture customer’s attitude to dynamic pricing. Therefore, the belief is that by asking questions on customer experience based on a price change, trust and fairness, and loyalty in a dynamic pricing environment, the attitude on dynamic pricing may be distinguished.

![Figure 1: A model illustrating the interrelation between elements that leads up to a customer’s attitude to dynamic pricing when a price change has occurred.](image-url)
4. Method

Due to extensive possibilities to handle large amounts of data, the University of California at Berkeley suggests an incremental strategy for searching on a subject (Eriksson and Wiedersheim-Paul, 2014), which was followed in this study. The very first step of writing this thesis, as ‘dynamic pricing’ was chosen as the main subject, was to narrow down the subject. By using various related key terms, such as surge pricing, robo-pricing, algorithmic pricing or levels of price discrimination, the means of dynamic pricing were discovered through blogs, companies’ websites and news channels. The scanning helped uncover cases where dynamic pricing has been used, and to identify potential issues. It also introduced some theoretical concepts, such as trust, value and satisfaction, which turned out to be of central importance in the thesis.

4.1 Research Method

The background study revealed that Amazon is one of the most colloquial companies that implements dynamic pricing. Therefore, Amazon was decided to make up for an exemplifying case of a company that uses dynamic pricing. Through apprehending customer attitude this thesis aims to reveal customers’ perceived value, satisfaction, quality, trust, fairness and loyalty coupled to dynamic pricing. To fulfill the purpose of this study, it was eligible to adapt a method that captured the attitude of customers. Walliman (2011) claims that qualitative methods is beneficial when the aim is to explore people’s perceptions, judgements and opinions. Furthermore, Eriksson and Wiedersheim-Paul (2014) suggest that when there is lack of available data within the research field, one may apply an empirical approach through direct observations, electrical measurements and interviews or questionnaires. Using a direct observation or electrical measurements did not work for this study. Shopping is an event that mostly takes place individually, with various frequency and measuring data electrically does not provide any insights in customers attitude. Importantly, the applied method should allow the participant to express thoughts, feelings and expectations that all together sum up to the overall evaluation that is assumed to constitute the attitude of an individual. Thus, either interviews or questionnaires were considered as suitable methods for the thesis. In this exploratory study, online focus group discussions were used. According to Eriksson and Wiedersheim-Paul (2014), focus groups can be thought of as an intermediate method of one-on-one interviews and questionnaires. It is an efficient method to interview a large number of individuals and can evolve to productive discussions if managed properly (Saunders et al., 2012). Focus groups are useful to mirror social realities (McLafferty, 2004) and differ from group interviews because they focus on a particular issue. Conducting focus group discussions is a common practice among companies to gain insight of customers’ perceptions about products and advertisements (Hennink, 2014).

4.2 Research Ethics

As stated by Hammersley (2014), the information provided by an interviewee should be considered as evidence in the study. Sequentially, the provided information must be interpreted
by the interviewer, followed by a certain selection of what aspects that are of importance. However, misunderstandings of the provided information are common. Nevertheless, what kind of and how much information that should be given prior the interviews is not obvious. Too much background information may shape the interviewees’ opinions (Hammersley, 2014). Furthermore, Hammersley (2014) claims that research should never be conducted on individuals, rather with them. Therefore, the participants were informed about the research to the extent that they may give their consent and understand what they participated in. Prior the interview they also signed a GDPR formula stating what personal information we needed and what the purpose of the study.

4.3 Focus Groups

The main source of the empirical work was primary sources. To collect the acquired primary data, the assembling relied on a method involving online focus groups. The purpose of focus group discussions is to uncover the ways in which the interviewees are emotionally affected by a topic by disclosing their experiences and opinions (Wilson, 2012). Since the studied subject was clearly defined and there was an assumed opportunity for interactive conversations among participants, it was concluded that focus group discussions were appropriate for the thesis. Generally, focus group discussions do not provide the same in-depth conversation as one-on-one interviews (Hennik, 2014). It should, however, be noted that the aim of the thesis is to capture what Hennik (2014) refers to as “the collective narrative” on dynamic pricing. Therefore, the focus group design was found more appropriate.

Focus group discussions can be conducted in various forms. The traditional way of conducting face-to-face focus groups concerns obstacles relating to costs of location, recording and manual transcription of data. Thus, conducting online focus group discussions has been increasingly common (Woodyatt et al., 2016). There are various forms of online focus group designs, such as chat-based asynchronous focus groups, video-based synchronous focus groups and focus groups in chat or video based virtual worlds with interaction through avatars (Stewart and Shamdasani, 2017). For the purpose of this thesis, either online synchronous or asynchronous discussions were considered as relevant methods. Using virtual worlds would reveal the social interaction among participants (Stewart and Shamdasani, 2017) and that was not the primary focus of this study. Furthermore, synchronous online focus groups enable participants from various geolocations, but is practically as spatially bounded as traditional focus groups. Online asynchronous focus groups remove the time commitment obstacle that is associated with traditional as well as synchronous and virtual worlds focus group discussions (Kenny, 2004). A great advantage with the chosen research design of asynchronous focus groups was the opportunity to collect data over significant time differences. This was a crucial aspect due to that Amazon is not yet established at the Swedish marketplace, and US is the leading market, as depicted in figure 2. By using an asynchronous design, participants could be recruited from all over the U.S. while the authors monitored the groups from Sweden. Another advantageous aspect of the chosen method regards the transcription of data. Not only does the online forum design save time due to the removed need of transcribing data, it also improves the reliability of the compiled data since all expressed raw data is remained.
Furthermore, the chosen research design allowed for many of the advantages associated with traditional focus groups, but with greater flexibility. Generally, a group setting may encourage participants to share views that they would not be comfortable of sharing in a one-on-one interview. Individuals are more likely to share their negative opinions in a group setting, because the opinion then becomes the product of the group rather than that of an individual (Hennik, 2014). According to Woodyatt et al. (2016), the virtual focus group may provide an even safer environment than the face-to-face discussion, due to the anonymity offered online. This aspect is stressed by behavioral price researchers, who have found price-disadvantage to have a negative impact on trust, purchase intentions and fairness (Weisstein et. al., 2013). However, Stewart and Shamdasani highlight that “online commitments to participate in a group are not as compelling as verbal commitments to a person” (2017;55). This could be held as critical for the asynchronous discussions, since the participants may enter and leave the forum whenever. Therefore, participants may be less engaged in asynchronous focus groups compared to synchronous ones. However, this was also recognized as an advantage since the participants were able to answer the questions in their own pace. In this way, the perceived responses are believed to be more thought through than if the respondents were asked to answer momentarily. In traditional as well as synchronous online focus groups discussions, the moderator and participants can make benefit from visual and nonverbal cues to bring the discussion forward. This is not possible for asynchronous online focus groups, although pictures can be posted with similar purposes (Stewart and Shamdasani, 2017). The ways in which this study managed group dynamics throughout the discussions are found in section 4.5.

Another overarching challenge of conducting focus group discussions relates to managing the group dynamics. There is a risk of group effects, where some participants might dominate more than others. As a response to this, other group participants might hesitate to reveal their actual thoughts on the subject (Saunders et al., 2012) and start conforming what is being said due to
social pressure (Hennik, 2014). This holds true for traditional as well as synchronous focus groups. Nonetheless, conducting asynchronous focus group discussions is beneficial due to that participants may respond simultaneously. By also benefiting from the anonymity offered online, the respondents are more likely to answer honestly in the asynchronous setting. They may adapt a nickname or use their real name (Woodyatt et al., 2016).

4.4 Data quality

A qualitative method is heavily dependent on the definition of words and concepts, and the human interpretation of these. There are several data quality issues that should be considered throughout the process. The first one, reliability, relates to the replicability of the study, referring to if other researchers would gain the same results (Saunders et al., 2012). The reliability is challenged by the lack of standardization as well as the subjective nature of the research area. However, as in comparison to quantitative studies, objective replication is not the major goal of qualitative studies (Hennik, 2014). Instead, the reliability rests on identifying “inductive constructs and their interpretations, and on transparency and documentation of these procedures” (Hennik, 2014; p. 189). It is therefore crucial to establish transparency and reflexivity. In practice, this means that the research design is clearly defined, that all assumptions regarding choice of method is stated and motivated, and that all obtained data is presented (Saunders et al., 2012). To structure the data collection and enhance the reliability of the data, this study used focus group protocol and a pilot interview. The means of these procedures are presented in more detail separately in section 4.5.3.

The second one, validity, is about assessing the credibility and accuracy of the outcomes of a study. Therefore, focus is pointed on representation, interpretation and comprehension of data. Validity of data refers to the extent to which the data capture the phenomena of interest. This is closely related to the scientific rigor of the study and is demonstrated by showing credibility and transparency during all stages of the research (Hennik, 2014). To facilitate that participants responded in a valid way, the focus group questions were formulated as open-ended. Since the purpose is to examine the attitude to dynamic pricing, it was considered as meaningful to gather these customers to get their point of view. Furthermore, validity of interpretation is also crucial for the trustworthiness of qualitative research (Hennick, 2014).

4.5 Operationalization of Theory

4.5.1 Prior focus group discussions

Creation of Questions

The focus group discussions had a semi-structured nature. They were virtually conducted, having an asynchronous design. Thus, the focus group discussions were held online. Amazon was used as an exemplifying case. A focus group protocol was formulated prior to the discussions, with a set of questions. The main function of a protocol is to make sure that all relevant questions are covered by the discussion (Hennik, 2014). The questions followed directly from the aim of the thesis, which is as former stated, to examine customers’ attitude to
dynamic pricing. The attitude was captured from questions based on customer loyalty, fairness, trust, customer satisfaction, perceived value and customer experience. To get an idea of what the participants valued during and post their purchase process (Kumar and Reinartz, 2016), they were also asked to outline their reasonings of their consumption strategy.

Composition of Groups

There are wide opinions about the proper size and composition of focus groups (Saunders et al., 2012). MacLafferty (2004) suggests a size range from 3 to 12 interviews with a sample size of 4 to 20 participants. Smaller focus groups are preferred when the topic is narrowly defined, and each participant is assumed to have a lot to contribute to the discussion (Hennink, 2014). Here, dynamic pricing is considered as a narrowly defined topic since it was ensured in the recruitment process that the consumers had purchased on Amazon. Furthermore, this study used a focus group size of 5-8 people, divided into 5 groups. 17 were women, and 14 were men. In total, there were 31 participants. Out of the 31, 22 stated they were Prime members, 4 stated they were not and 5 did not answer that question. The selected group size was considered enough, due to that smaller groups are beneficial when the subject is “related to a more emotionally involved construct” (Saunders et al., 2012, p. 403).

Small groups are more vulnerable to group dynamics (Hennink, 2014) which in turn highlights the importance of group composition. As stated by McLafferty (2014) and Hennik (2014), a homogenous group is preferable. This is due to that personal characteristics, such as status, age, occupation and class, will impact the participants interaction (McLafferty, 2014). In this study, the participants were mainly students in ages 20-30 years. Participants are more likely to share their opinions and experiences with strangers who are similar to them. This since they need to retell the contextual circumstances (Hennik, 2014). To implement a homogenous constitution, several discussions with various focus groups were conducted. The same questions were posed in all discussions. Furthermore, the recruited participants were unfamiliar with each other. This was accomplished by joining groups at Facebook, where a common invite was published in various groups discussion forums. For instance, participants were recruited through groups such as ‘Swedes in San Francisco’ and ‘Swedish-American Chamber of Commerce in San Francisco & Silicon Valley’. These groups were chosen due to Amazon’s dominance in the U.S e-commerce marketplace (Emarketer, 2018). Additional participants were recruited through similar Facebook groups, as well as through personal contacts in the U.S. This resulted in a demographic spread of participants from California to Massachusetts. The participation invite explained the topic of the study and the nature of the discussion. Acknowledging that groups with less acquaintance will require more time to build group rapport (Hennik, 2014), the discussions were initiated with some ‘warm-up’ questions. Those questions were asked to make the participants more at ease and prepared for the upcoming discussion.

Pilot Test

The purpose of the pilot test was to ensure the validity and investigate the questioning strategy, see if any question needed rephrasing or to reveal any excessive question that ought to be removed. Also, the pilot testing was used to see if the discussion evolved in the intended way,
so that the focus group protocol could be improved (Hennik, 2014). In the pilot test, no background information was given regarding the definition of dynamic pricing. This was in order to review the necessity of information, since too much information may bias the participants by framing their expectations (Hammersley, 2014).

The pilot test interview resulted in some tiny but noteworthy findings and issues. One of the participants thought that the attached figure, illustrating the shopping cart with price changes, was too small and difficult to see. This was fixed by resizing the picture. Another participant was unable to enter the online forum due to technical errors with the site. This problem was more difficult to trace back, since it only occurred for a single participant. To investigate whether this problem was due to incompatibility with one specific participant or a general technical issue that ought to be fixed, this participant was simply replaced by another participant. No further technical issues were reported throughout the focus group sessions.

4.5.2 During focus group discussions

The online forum was created through focusgroupit.com, which is a free service specialized on online focus groups. Five identical focus group forums were created, and all discussions were held in English. Entering the forum, the initial page was a print screen, visualized in figure 3, of an Amazon shopping cart. The figure was authentic and showed the dynamic price change for things stored in the cart. To generate the figure, the authors entered the website, stored items in the cart and when re-entering two weeks later the depicted message followed.

![Important messages about items in your Cart:](image)

Figure 3: An example of an Amazon shopping cart with saved items that have increased in price since they were put in the cart (Amazon, 2019).

The thought of displaying figure 3 was to ensure that the participants entered the discussion with a mutual understanding of the concept of dynamic pricing. To make sure that none of the participants had any former connection with each other, the assignment of focus groups was managed by the authors. Each focus group had an individual link that was sent out to the committed participants. The focus groups were successively generated via observing how many that entered them, and by continuously finding and allocating new participants to create homogenous groups. The names of the participants and group belonging were tracked in a private record. Often, members applied as participants, but they never entered the group discussion. Therefore, the groups were frequently monitored and correct links sent to new
potential informants until saturation was achieved. Alongside with the recruitment of new participants, the ones that had signed up for participation but had not yet submitted their responses online were followed-up. This was done to make sure that there were no questions or uncertainties about the study, and in case of withdrawal make sure to replace that empty spot in the focus group. In some groups, there was a delay in the beginning of the discussion. This was possibly because they were hesitant to take the lead and be the first to share experiences and opinions or because they waited until they had the time to participate. However, members that did participate shared detailed descriptions with examples and engaged in the task.

As the shopping cart was displayed, the participants were asked to carefully study the picture before entering the forum. The participants were not required to comment any reflections on the shopping cart, but this was done in some of the groups. As the shopping cart was displayed, 6 topics followed. This is seen to the left in figure 4. The topics were related to the proposed analysis model in figure 1. The topics were named: experience, fairness, expectations, loyalty/recommendation, trust and strategy. For each of the 6 topics, an average of 4 questions were posed. For each topic, the participants posted their reply and commented on each other’s posts. This is depicted to the right in figure 4. They were also able to “agree” on other participants’ posts by clicking on a gadget. This was a convenient way to see if several participants shared thoughts or feelings.

4.5.3 Data Processing

Qualitative analysis relies on the processes of describing a phenomenon, classifying it and evaluate how concepts interconnect (Dey, 1993). Since the discussions were held in English, it was found meaningful to write the whole report in English to not lose any data in the translation process. The collected data must be reviewed, since the compiled information could be improper, participants may not have achieved the pre-requirements for some reason or...
questions could have been answered in a way that is difficult to interpret (Eriksson and Wiedersheim-Paul, 2014). Firstly, and as the focus group discussions were conducted, the collected data was revisited topic by topic and compared group wise. This was easily done since all responses were admitted in text. Then, quotes yielded from the discussions were grammatically corrected due to aesthetic reasons. This was done carefully and without changing the meaning of any sentence, according to recommendations by Eriksson and Wiedersheim-Paul (2014). An example of such corrections is rewriting “I were satisfied” to “I was satisfied”.

A both wanted and unwanted effect of using semi-structured focus group discussions was that the respondents answered the posed questions rather freely, resulting in that the replies spanned over multiple areas of the proposed model. This was wanted because it managed to capture the respondents’ actual thoughts, opinions and experiences that ought to constitute their attitude. Nonetheless, this also meant that the compiled data was rather unstructured. Due to the massive amount of compiled data, some culling among responses was needed. A data reduction was compiled, meaning that responses that did not relate to the core aspects in the model were reduced. If there was someone who did not understand the posed questions correctly, these responses were removed. The responses that were unrelated, yet interesting, were considered and presented as model improvements and/or subjects for further studies. Also, if several participants expressed similar responses, their sayings were referred to as the thoughts of “several” or “many” participants and hence not quoted individually. When the data reduction was completed, the empirical findings in section 5.2 were retold as how they were posted in the online forums.

Then, the compiled data was interpreted in section 6 by treating the responses as ‘evaluate categorization judgements’ (Holbrook, 1999). The participants’ attitudes were distinguished from the categorical responses on the posed questions, as exemplified in table 1. For instance, the participants expressed their experiences with attributes such as synonyms to “bad” and “good” or “pleasant” and “unpleasant”, which, according to Argyriou and Melewar (2011), are various expressions of attitude. Then a coding of the responses took place. Constructive attitude was recognized when the participants revealed their thoughts on specific transactions, while functional attitude was recognized as pre-assumptions based on earlier purchases. All questions were posed in reference to a price change, so that the price change event in figure 1 covered the entire data compilation process. The customer experience was captured through asking the participants to reflect on and describe their thoughts which aimed to trigger emotions from previous purchases when prices changed. Value was revealed throughout all questions as participants shared their thoughts on value-enhancing features. Satisfaction was recognized as a positive evaluation judgement of a specific purchase. Quality was recognized as positive sayings on reliability, ease of use, responsiveness, competence, security and broad product portfolio (Yang et al., 2004). Perception of unfairness, or disadvantaged inequity as Dai (2010) denotes it, was recognized when customers expressed negative emotions coupled to a price change. Attitudinal loyalty was recognized as a long-term commitment to Amazon, characterized by retention intentions and being, as some informants phrased it, the first “go-to” option. Behavioral loyalty was recognized as actions of repeating purchasing from Amazon. Divided loyalty was recognized as customers who had an integrated price comparison strategy
and based their purchase decision on the best available offer. The loyalty enhancing initiatives were recognized as customers being prime members.

*Table 1: Examples of the ways in which theoretical aspects of the proposed model were recognized in participants’ responses.*

<table>
<thead>
<tr>
<th>From Theory</th>
<th>Identifying Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>“a large selection to choose from”, “a speedy and hassle free delivery” or “Always great service and fast shipping”</td>
</tr>
<tr>
<td>Dissatisfaction</td>
<td>“missed out on the original price” or “Honestly I’d rather pay a little more just to see a set price”</td>
</tr>
<tr>
<td>Quality</td>
<td>“High expectations, since that is what I’ve been treated with from them so far. Always great service and fast shipping, especially with Prime”</td>
</tr>
<tr>
<td>Bad Quality</td>
<td>“My expectations have adjusted as I feel like the quality control on their stores are heavily lacking and some vendors are somewhat bad”</td>
</tr>
<tr>
<td>Attitudinal Loyalty</td>
<td>“always use Amazon” or “do not look at other marketplaces; Amazon is the first go-to, despite being able to find cheaper prices elsewhere”</td>
</tr>
<tr>
<td>Behavioral Loyalty</td>
<td>“I don’t usually look around on different sites to find the cheapest price”</td>
</tr>
<tr>
<td>Divided Loyalty</td>
<td>“I start searching for another seller of the product as soon as I see the price go up”</td>
</tr>
<tr>
<td>Trust</td>
<td>“I put trust in Amazon because so far they have always been a good provider with shipping, CS, and product availability” or “I do trust the company in itself, but I trust the reviews of the product more”</td>
</tr>
<tr>
<td>Distrust</td>
<td>“In the beginning I thought Amazon always had the cheapest options, but now I know it’s not always true” or “false marketing” or “I’m more sceptical to increased prices, and I sometimes find myself thinking is it high quality or do they increase the price because their general sales is going bad? ” or “I felt that they were trying to trick me and in general I dislike this kind of strategy”</td>
</tr>
<tr>
<td>Unfairness</td>
<td>“I try not to use them because I think they’re evil.” or “I don’t think that it’s okay. I would definitely consider again if I really want to buy it”</td>
</tr>
<tr>
<td>Fairness</td>
<td>“speedy delivery, easy to return, fair prices”, “[price increase] justifiable especially if the product’s materials are becoming more expensive”</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>“Customer service has really been excellent. No questions asked if I've needed to return anything and I've got my money back quickly too”</td>
</tr>
<tr>
<td>Reliability</td>
<td>“I order from them because they have fast delivery and are reliable.”</td>
</tr>
<tr>
<td>Ease of use</td>
<td>“I only need a single account (my identity) online. I don’t have to remember several accounts or passwords”</td>
</tr>
<tr>
<td>Strategy</td>
<td>“if it is not something I need to buy urgently, I just leave it and wait until the prices drop again”</td>
</tr>
</tbody>
</table>

4.6 Secondary Sources to Empirical Data

Background information about Amazon and their services were collected through Amazon’s main website Amazon.com. This website provided necessary information about the company, such as their vision, business idea and operation. Also, some previous studies (Chen and Wilson (2016, 2017); Khan (2017); Ben-David (2014)) of the dynamic pricing algorithm were used to outline the function of the pricing mechanism. To relate the study to previous work, studies (Kannan and Kopalle (2001); Abrate et. al. (2012)) on dynamic pricing in other industries were reviewed. Additionally, statistics about Amazon from Statista.com were used as a secondary source.

4.7 Criticism of Used Methodology

Overall, the participants did not re-enter the discussion forum once they had posed their responses, even though this was stated in the provided instructions. Because of this, the discussions did not develop as intended. Thus, a great improvement of the used method would be to have followed up the respondents and ask them to re-enter the forum and reply on comments. Despite the lacking engagement to re-enter the discussion forum the participants answered the questions thoroughly and therefore the collected data demonstrated their attitude to dynamic pricing.

5. Empirical Findings

This section is initiated with a review of previous studies on dynamic pricing, which serves to provide a wider scope of the subject and enable comparisons to the suggested model and theories. Thereafter, the compiled data from the online focus groups is presented in the same
order as the topics followed in the forums. The interpretation of previous studies and empirical findings will not be presented prior the analysis.

5.1 Findings from Previous Studies

Dynamic pricing is the established pricing strategy in various industries, such as airlines, hospitality and transportation (Lee et. al, 2011). Previous studies (Kannan and Kopalle, 2001) on dynamic pricing in these industries have shown that customers are aware of the price war taking place and acknowledge that making a reservation antecedently improves their chance of getting a lower price. Noteworthy, customers have shown to adjust their price expectations (Kannan and Kopalle, 2001) as well as their purchasing strategy on these marketplaces, aspiring to pay lower prices (Abrate et. al., 2012). The frequent buyers might become aware of the “rules” for accessing better prices, knowing that e.g. prices alter between available booking channels (Kannan and Kopalle, 2001).

5.2 Results from Focus Group Discussions

5.2.1 Questions concerning Customer Experience

The participants were asked to share an experience when they reacted on the price, and what emotions and thoughts that were triggered.

Participants in focus group 1 said that they had noticed the occurrence of price changes. As price changes occurred, one of the participants questioned the reasons of the price change and felt that an opportunity had been missed out. Another informant said that it was “silly” to display smaller price changes. A participant stated that the price on items they had looked for had been cheap which caused feelings of happiness. In focus group 2, the price changes caused mixed emotions among participants. One person felt they were being tricked and commented that “I felt that they were trying to trick me and in general I dislike this kind of strategy”, another one got suspicious by Amazon Basic having prices “surprisingly low”, while several participants used the word “happiness” to describe their feelings when doing a bargain. Another participant also got suspicious from seeing a coupon that had appeared next to the ‘add-to-cart’-button, explaining that it triggered thoughts such as “does that mean the announced price wasn’t the lowest?”.

In focus group 2, one experienced that Amazon used “false marketing”. The statement was motivated by that the informant had to (1) search for the product, (2) find the wanted item, (3) view the item with more information and (4) look through the page where the vendor had other items with lower prices to make you “click on it”. Among participants, a common reaction to price increases was the feeling of a missed opportunity and disappointment. An informant told that price increases may occur if an item was stored in the cart for a few days or put in the ‘save for later’ list. However, some participants claimed that they had not experienced such an increase as in the displayed figure. Their reflections on the topic revealed that such an increase would cause feelings of regret and that they had “missed out on the original price”. In focus
group 3, a participant stated that “I’ve reacted negatively to prices a lot of times especially when it comes to academic stuff”. The person would never buy course material from Amazon. Within the same group another participant agreed and stated that they had “ridiculously high prices”. They would do a new search if the increase showed out to be of a substantial amount of money. The person was “not that affected” emotionally, explaining that since the item was stored in the cart which was used as “a ‘maybe’ repository” and that the things the informant really needed were bought instantaneously.

Among all of the groups, several informants stated they had not experienced a price increase of “noticeable amount” like the one depicted in figure 3. According to these participants, they “never” or “rarely” used the cart function. Several of these consumers named themselves instantaneous or spontaneous buyers. They reasoned that a price increase would cause them to seek out the product from another vendor and get it for the former price, or reconsider and cancel the purchase. For smaller price changes, the participants discussed that their level of bother and reaction were coupled to the increased amount. An informant in group 4 stated that finding the item for the former price “pretty easy to find” and added that “so I don't get too annoyed”. Some people said that they searched for a cheaper product elsewhere but ended up buying from Amazon since they have the “most competitive pricing”. In focus group 5, an informant stated that the positive reaction was coupled to the recommended retail price (“RRP”) and “other available units within the Buy Box”. Another participant used the peer review feature on Amazon and explained that “I value peer reviews to access quality” and that “the Amazon Choice tends to make me feel like I get the best price for the best product (even though I know that is not necessarily the case)”. Within the same group another informant commented on Amazon's prices as “not that cheap”. This experience is similar to a person in focus group 5, stating “They have add-ons. Buy things for a certain amount and get this cheaper”.

5.2.2 Questions concerning Customer Value

The participants were asked to describe their purchase process, in what ways they used the cart, how much time they spent on research and when they considered it to be the right time to make a purchase. They were also asked to describe if and in what ways Amazon has changed the ways in which they purchase goods.

In focus group 1, all but one participant revealed that they stored potential buying’s in their cart for a period of time. The cart was used to remember potential buying’s. Participants also discussed the time they spent on research. Some said that they did research occasionally, and that the time spent on research could vary from hours to days. To the question “When do you feel like it is the right time to make a purchase?”, participants talked about price comparison to other retailers and scanning reviews. Some participants said that the research spent on a purchase varied depending on price level and eagerness of the item, stating such as “for more expensive items I try to read reviews, test to find the best product, and look around for best price” and “for smaller things I don’t do much research”. In focus group 3, the participants shared a similar purchase strategy by first searching for the item, read reviews, compare with other websites and make purchase. Some participants said that they stored potential buying’s in
their cart because they “cannot choose between two brands of the same product”. When discussing the timeline from initiating the purchase to completing it comments varied from “I spend the majority of my time researching to make sure I get the best quality. Only then is when I feel like it is the right time to make a purchase.” to “I buy it right away”. In focus group 4, participants agreed on that the time spent on research varied depending on price level and product category. They used product reviews and other websites to compare products and prices. Typical comments on this were such as they “might go to another website to compare prices, but if it’s small stuff I might not”, “I spend a lot of time reading customer reviews” and “I compare different products from different marketplaces”. One participant revealed that “The right time to make a purchase would be either when I feel like I want the item at a specific time or if I find an exceptional good deal”, also stating that “I spend a lot of time (days) on price-related research - mostly because it's fun to find the best deal.”. In focus group 5, none of the participants spent much time researching. They also discussed the ways in which they handled uncertainty, stating such as “I rely a lot on the customer ratings and comments when I’m unsure” and “I do trust the stars a lot and always use this filter to reduce the available options”.

5.2.3 Questions concerning Satisfaction and Quality

*The participants were asked to share their expectations when buying on Amazon, and if these were being met. They were also asked to reflect on if they had adjusted their expectations on Amazon from when they initially started purchasing there, and in what ways these expectations had changed.*

In focus group 1, the participants discussed that they expected Amazon to have “convenience, price comparison and speed”. No participant expected Amazon to have the lowest prices but commented such as “In the beginning I thought Amazon always had the cheapest options, but now I know it's not always true” and “Amazon cannot really beat traditional bookstores on price. If I want a book cheaper I will buy it second hand from second hand stores.”, respectively. Meantime, others said that “My opinions/expectations on Amazon haven’t changed” and they could “trust that the buying experience will be fine and trustworthy”. In focus group 2, the participants expected “a large selection to choose from”, “no or low shipping cost” and “a speedy and hassle-free delivery”. There were those who assumed that “Amazon prices are consistently lower than store prices”, but also one who “wouldn’t expect any bargains”. One participant stated that “My expectation is directly proportional to the user ratings of products/services”. The participants all claimed that their expectations had been met. In focus group 3, the participants said that they expected “different products, reasonable prices and fast delivery” and “a wide variety of brands”. One participant said that “The prices on Amazon can be a hit or a miss” and explained that “... they will be more expensive, I’ve noticed especially when it comes to electronics, gadgets, vacuums, etc.”. Among the participants, their expectations were met most of the times. One commented that they had adjusted their expectations “because I don't really do research to see if the price is the same as in other places anymore (I did in the beginning)”. In focus group 4, the participants told that they expected “the variety”, “fast delivery” and “to find almost everything there”. One Prime member commented that “Ever since getting Prime I've become so spoiled with delivery times, so I'd say that my
expectations are quite high nowadays. It's perhaps even made me a bit more impatience as all of a sudden two days for delivery seems like a long time”. Another Prime member said that they had “High expectations, since that is what I've been treated with from them so far. Always great service and fast shipping, especially with Prime”. Several participants revealed that their expectations had been met, but also that they had adjusted their expectations since they started buying from Amazon. Comments on this were such as “My expectations have adjusted as I feel like the quality control on their stores are heavily lacking and some vendors are somewhat bad” and “My first thought of Amazon was that everything was super cheap, but that is not the case anymore”. There were also contrasting views such as “… my expectations have definitely gone up. Initially they were pretty okay, but the more I bought the more they gained my respect”. In focus group 5, the participants shared a mutual expectation on fast delivery and pricing level. Some also discussed their expectations coupled to quality, and stating such as “As with all online shopping, I have very low expectation of the products quality-wise, which they make up for with slightly lower prices and very reliable and fast shipping” and “I don't worry for the quality is because I am trying to shop from brands that I already know or they have the 5 star”, respectively. Some participants mentioned that they had adjusted their expectations. Comments on this were such as “I have adjusted my expectations, primarily around pricing but not shipping. An understanding of the marketplace competition has meant that I look into other factors besides pricing.” and “I am loyal to the brand they have built so I typically opt to use Amazon if the pricing is the same with other retailers”. To ensure quality the informant read several reviews before a purchase.

5.2.4 Questions concerning Trust and Fairness

The participants were asked in what ways changing prices impact their trust, and how Amazon makes them feel trust or mistrust.

In focus group 1, participants said that Amazon was “trusted to do the right thing” and having “prices to not be the lowest but the most competitive”. A majority of the participants said that they trusted Amazon, and that it was not coupled to price. Nevertheless, some informants shared emotions of mistrust. In focus group 2, a participant stated that “If prices changed dramatically that could affect my trust in the company”. Within the same group another participant mentioned that since the prices were not always the cheapest, they could get the items straight from a brick-and-mortar store. Mistrust was also experienced by one informant in focus group 3 when cheaper prices was found elsewhere. Yet a view on mistrust from group 2 was due to Amazon’s size, their dominance was seen as “scary”.

One informant in group 2 stated that mistrust was coupled to their feeling of being taken advantage of and that one could find cheaper prices elsewhere. Still, the informant mentioned that few companies “having it all”. Many participants trusted the reviews and gained trust for the company via the reviews. Reference prices were also mentioned as trust enhancing features. Though in focus group 2, an informant stated they did not trust the reviews and turn to other websites to further verify the reviews.
The participants were asked to explain their thoughts and reactions on changing prices, as they become more expensive. They were also asked to estimate the perceived frequency of changing prices and what they think of the reference price.

In focus group 1, some participants said that they had not experienced price changes. Out of these, some did no further effort of expressing their thoughts on the posed questions. Others proclaimed that they would be disappointed if a price increase occurred and re-evaluate if they still wanted to complete the purchase. In focus group 2, the participants who had indeed experienced price increases said that they felt like they had “missed an offer”, had “no particular reaction to price changes” and “if it is not something I need to buy urgently, I just leave it and wait until the prices drop again”. One participant said that “it only feels more expensive when the increase is large enough in relation to the product/service price”. In focus group 3 the participants discussed that they felt or would feel annoyed if the price changed too much. One participant found it “justifiable especially if the product’s materials are becoming more expensive”. Another participant expressed the following:

“It depends on what product it is, if it’s food for example, I’m more okay with increase of price, I’m thinking that the farmers/producers get more money and its good, same with clothes, one can hope that the labors get more salary if a brand increases the prices. However, if its vitamin pills or gym equipment I can be more annoyed with an increased price, because in case of vitamin pills or the like I’m more sceptical to increased prices, and I sometimes find myself thinking is it high quality or do they increase the price because their general sales is going bad?”

In focus group 4, people revealed that they were annoyed by price dynamics. Some comments from the discussion were that “It’s like showing up at the till in a store and you forgot you have to calculate taxes into the price. All of the sudden the item seems less price worthy” and “Honestly I’d rather pay a little more just to see a set price”. A mutual experience among group members was that dynamic pricing is more common on hotel and travel sites than on retail websites. In focus group 5, a majority of the participants started or would consider to start searching for the item on other websites as the price increased. Typical comments were such as “I start searching for another seller of the product as soon as I see the price go up” and “I feel more of an impulse to continue searching if prices change and things grow pricier”. One participant recalled that “…with shoes, they provide a relatively wide price range and it changes based on the color and mainly the size. Which I find very annoying as apparently I am in the “expensive” shoe size”. According to the same participant, “the increase might stop from getting the item but the decrease doesn’t really trigger me to buy it”.

5.2.5 Questions concerning Loyalty

The participants were asked if and why they would/would not recommend Amazon to others. They were asked in what ways prices on Amazon differ from other marketplaces, and if cheaper prices were found elsewhere. Also, they were asked if Amazon was their first “go to” and if they looked on other marketplaces.
Generally, the focus groups were coherent in that they would recommend Amazon to others. In focus group 1, several participants denoted the marketplace as their first “go to”, due to fast deliveries and customer services and would therefore recommend it to others. Also, participants discussed the benefits of Amazon being an everything store, commenting that “Amazon is different because it has it all”, “I only need a single account (my identity) online. I don’t have to remember several accounts or passwords” and “I only process payments through a single website”. The participants also said that they could find better prices elsewhere, and one participant motivated his reasons by that “it’s more about trust, convenience and breadth than it is about pricing”. In focus group 2, people found Amazon their first “go-to”. Their recommendations were due to “speedy delivery, easy to return, fair prices”, “all the stuff they have” and that “extensive ratings and reviews makes shopping easier”. One participant said that “I don’t usually look around on different sites to find the cheapest price unless it’s a big-ticket item”. In focus group 3, the participants recommended Amazon due to “fast delivery and most of the good prices and free shipping”, “they have large brands as well as small independent ones” and “there are used products too”. The participants also talked about reasons for going to other sellers or compare prices, and said things as “depending on the product, I would sometimes go on the brand website”. In focus group 4, most participants agreed on that they would recommend Amazon but discussed that it depends on the buying’s. Amazon was found to have good prices, but not always the best. There were also those who “try not to use them”, saying such as “...I do feel a bit bad as I am aware of the impacts Amazon has on smaller, independent local stores.” and “In my building in SF right now, I can see that everyone buys things online and the lobby is full of parcels every day. That is so bad for the environment…”. One participant stated that “I try not to use them because I think they’re evil. I try to use smaller vendors when I can”. In group 5, several denoted Amazon as their “first go-to” for online shopping. The participants claimed such as “it has the biggest supply chain, broad product catalog and reliable shipping” and stressed that “most importantly the convenience of fast and free shopping” were reasons for purchasing from Amazon. Some stated that they “always use Amazon” and that they “do not look at other marketplaces; Amazon is the first go-to, despite being able to find cheaper prices elsewhere”.

6. Analysis

In the following section the empirical data is discussed. The data also discloses, from the theoretical concepts on customer value, satisfaction, quality, trust and loyalty, the informants’ attitude to dynamic pricing. The empirical work is analyzed where the proposed theoretical model in figure 1 serves as an underlying framework. It follows from this model that a price change affects the customer experience, which covers the customer value, satisfaction and quality. In turn, the customer experience affects the trust, fairness perception and loyalty.

6.1 Customer Experience

The posed questions were formulated such that they would refer to the customer experience, and not to single products, in relation to a price change. Consequently, the responses yielded from the discussions reflected the customer experience (Holbrook, 1999) and relate to what Oliver (1999) denotes as the evaluation process of a purchase. In this way, the empirical findings captured the customer experience through customer value, satisfaction and quality, as illustrated in figure 1.

6.1.1 Customer Value

The findings of the empirical study uncover the many aspects of customer value and follows Holbrook’s view of value. As claimed by multiple respondents, value as well as trust for Amazon was gained through interaction with other customers via reviews and ratings. This adds value to the pre- and post-consumption experience, which Holbrook (1999) denotes as reactive value. An influential aspect of dynamic pricing on Amazon is the comparativeness aspect, which is yielded through using the reviews, the shopping cart and by the displayed reference price. Comparison to different standards was an integrated part of the customers’ shopping strategies. Except for the few instantaneous buyers, all participants proclaimed that doing research on alternative marketplaces was essential before pursuing a purchase. This indicates that the value of the purchase is clearly affected by external standards, which is supported by Holbrook’s (1999) statement on value being ‘relativistic’. Many, but not all, participants reasoned that they searched for better offerings if they noticed that prices increased ‘too much’. This is what Kumar and Reinartz (2016) refer to when claiming that a comparison to a standard affect customer’s attitudinal and behavioral loyalty, and perceived satisfaction. From this, it may be hypothesized that an extensive use of dynamic pricing might enhance this kind of behavior among customers.

As the groups discussed pricing, several of the participants were aware of that Amazon did not always have the lowest prices. Many participants had clear expectations on the price level to be low, despite acknowledging that a perceived bargain did not always correspond with the actual offer. As it seems, the vast majority of the participants thought of dynamic pricing as acceptable to a smaller extent, that was when the price increase was considered as small compared to a prior displayed price. The price could be monitored in the buy box, where there were a comparison to the recommended retail price. However, despite that many participants stated indifference to smaller price changes, they also stated that they searched for lower prices
elsewhere when a price increased. This follows the reasonings by Marburger (2015, pp. 49-55), who states that “... if the increase is too high the customers might turn to other vendors”. Thus, as in the suggested model in figure 1, this change in value proposition affected customers’ loyalty. They turned to other vendors as a response to a price change. Furthermore, and even though the participants accepted the changing prices, a common cognitive reaction was the feeling of annoyance. This illustrates that the perceived value of a purchase is somewhat put in relation to the proposed price which some perceived as an ‘original’ price. Significantly, as the price varies in a dynamic price setting, the perceived value might fluctuate as well. However, the participants did not always behave according to their stated mindset. Participants who stated that they were indifferent to price changes, also revealed that they researched for competitive prices on other websites. Hence, the reactions of the informants did not correspond to the ways in which they reacted on the price changes. Pricing had an impact on their behavior, as they acted in response to a change. The different opinions also seemed related to the various insights in the dynamic pricing mechanism among participants. Of those who had taken notice of dynamic prices, some believed that the increased price was due to more expensive manufacturing costs, improved labor conditions or alike. Since the dynamic pricing algorithm is based on parameters such as e.g. browsing data (see section 2.1), this was a misbelief (Ben-David, 2014). Although, those who shared those views on Amazon's objectives considered dynamic pricing as being fair.

6.1.2 Satisfaction

Recall from the theory that satisfaction concerns a distinct experience and relates to a certain transaction that is situation-specific. A minority was satisfied with all of their purchases, and this group corresponded to instantaneous shoppers who did not notice any price changes. Instead, the majority shared stories and reflections that caused dissatisfaction coupled to dynamic prices. For most participants, observing price increases triggered negative emotions like annoyance or irritation. This occurred as participants put items in the carts, stored them for later and then were alerted of the price changes. Consequently, several participants concluded that certain products in Amazon’s product catalog, such as books, gadgets, electronics and shoes, were more frequently targeted for price increases.

Importantly, it was found that this price transparency initiated dissatisfaction among participants. Thus, the relationship between satisfaction and fairness could be seen, as proposed in the model in figure 1. This was just in line with reasonings by Richard et. al. (2015) about price transparency leading to unfairness. In some cases, the unsatisfactory experience from one purchase seemed to evolve to a general assumption about the price level, and thus lowered the perceived service quality. For instance, the bad experience of having observed a price increase, resulted in that some informants perceived that Amazon had more expensive products within certain product categories. This follows the same trend that Kannan and Kopalle (2001) identified in the travel industry, pushing that customers presume prices to be dynamic due to past purchase experiences. However, this perception must not necessarily correspond with the actual price setting.
6.1.3 Quality

Service quality refers to the overall perception and evaluation of value. As mentioned in the theory by Yang et al. (2004), perceived service quality involves responsiveness, competence, ease of use, reliability, security as well as the outline of the product portfolio. A substantial majority of the informants perceived Amazon’s service quality as high. Several participants claimed that this high service quality standard outweighed the occasionally negative experiences from dynamic prices. This was in line with the proposed model in figure 1, revealing that high-quality affected customer’s loyalty to the company. These sources of quality were related to the pre- and post-consumption experience as well as during the purchase process. Participants deemed Amazon to have numerous product categories with a great variety of brands in all price ranges, consequently becoming an “everything store” and being the first go-to when shopping online. The high perceived service quality that related to the pre-consumption and purchase experience was derived from the high ease-of-use on Amazon’s website, the swift buying process, and complementary services such as Amazon Choice. Also, high perceived service quality coupled to the post-consumption experience related to refund opportunities and customer support. On the other hand, the few that did not perceive the service quality as high reacted negatively on the website’s consumerism deriving from product placements, additional sales and pop-up adds. Also, some stated that the product quality did not meet their expectations. However, the conducted discussions did not uncover the ways in which these expectations related to the product reviews. It could be considered as a matter affecting trust, whether the product-related quality was a mismatch to the reviews of the product. From a customer’s point of view, the idea of the review system fails if the reviews are incorrect. In the long run, a frequent occurrence of mismatching product reviews might lower the perceived service quality and also hurt the customers trust. This especially since the product reviews were stated to enhance the trust for the sold products. Here, the interrelationship between quality and trust, as in the proposed model in figure 1, can be seen. Furthermore, a fundamental reason for loyalty among customers was reliability in fast deliveries. Reliability as well as security was also elements of the service qualities covered by Yang et al. (2004). Security was found among customers who stated that they experienced of trustworthiness. Importantly, participants repeatedly expressed convenience when purchasing on Amazon. By recurrently living up to customers’ expectations on these services, they became common reasons for customers’ loyalty to the company. In some cases, the high standard of delivery services caused participants to adjust their expectations on competitors’ delivery services.

6.2 Trust and Fairness

The customers who used the shopping cart were aware of the changing price due to price transparency. Though, stated by Richard et. al. (2015), perception of unfairness is experienced if the price increase is based on demand. Ergo, in situations where the presumed intentions were viewed as candid or for a “better” cause, customers tended to see dynamic pricing as fair. Likewise, as the supposed intentions of the actor are self-beneficial, customers considered dynamic pricing as unfair. Thus, dynamic pricing was found fairer in some product categories, such as in the cases of local producers and human workforce. This way of understanding how
customer’s perception of fairness is influenced by e.g. knowledge and information about profits is supported by Dai (2010). A problem with this reasoning is that this is not necessarily the true reason for applying the dynamic pricing strategy, hence the proposed knowledge about profits might be misleading. Even though most customers found dynamic pricing unfair per say, they could perceive the overall offer as fair. This reasoning is supported by Dai (2010) who states that e.g. transaction similarity and comparison of choices influence customer fairness.

Likewise, a lot more suspiciousness and unfairness were expressed by those who assumed the price setting to be monitored by Amazon or related third-party vendors. This proposes that customers’ attitude to dynamic pricing is affected by the supposed intentions of the actor applying the dynamic pricing. This was also seen in adverse word-of-mouth comments about Amazon, where they were stated to be ‘evil’, which according to Dai (2010) is an expression of price unfairness. From this, it can be seen that the attitude towards dynamic pricing was affected by the perception of fairness, which goes in line with the proposed model in figure 1.

As presented in the theory section, the risk related to the performance of products as well as the importance of trust are enforced in the online setting (Garbarino and Lee, 2003). In general, customers felt trust for Amazon. Most of them had a price awareness and understood that prices might not be the cheapest and possibly change. However, the empirical findings revealed that in many cases, there was a difference between the trust for products sold by Amazon, and trust for Amazon as a company. Trust for items was gained through reviews, and centered product-related quality. On the other hand, mistrust for a product was gained from changing prices. The high trust for Amazon as a company was mainly gained through its reliability in service and punctuality in delivery, which are quality aspects according to Yang et al. (2004). Regarding trust for reviews, reviews could be seen as a complementary service. Some of the informants exhibited trust towards the reviews and expected them to be reliable, more than they trusted Amazon as a company. Others did not trust the reviews and turned to other companies for a more thorough evaluation. Even though only making up for a marginal clique of individuals, there were some noteworthy thoughts on distrust. This mistrust for Amazon as a company was, as for specific products, mainly gained from changing prices. This finding goes in line with reasonings by Garbarino and Lee (2003). Several participants expressed feelings of being tricked as prices changed through e.g. coupons and add-ons. Interestingly, the participants were willing to disregard from changing prices in advantage of complementary services. This held true even for those who had their low-price expectations rebuked.

6.3 Loyalty

Some relationship between satisfaction and loyalty was distinguished among customers, stressing the relationship drawn from the model in figure 1. There were those who experienced dissatisfaction due to a single price increase, causing them to be disloyal to Amazon by turning to other retailers for the product, product categories or situation of concern. This goes in line with the reasoning by Shankar et al. (2014) about satisfaction and loyalty being each other’s surrogates. Also, this follows the proposed model in figure 1.
Even though trust was in many cases left unaffected by price increases, customers’ loyalty to Amazon was affected by too big price increases. Participants explained that the eagerness to continue searching for lower prices increased as they noticed that prices rose. This, in fact, implies that customers’ attitude was affected as they became more disloyal due to intense use of dynamic pricing.

Moreover, privacy and security issues are presumed to have a negative effect on customers’ loyalty (Huseynov and Yıldırım, 2016). Though, only a few of the participants suffered from disloyalty due to privacy issues when they felt targeted with marketing. Neither security nor safety were frequently mentioned, the informants did not engage in such a discussion. This was possibly due to lack of knowledge about dynamic pricing, meaning that the customers did not grasp the ways in which the price setting relates to their browsing data. Therefore, privacy and security aspects might have been more stressed if customers had more prior knowledge about dynamic pricing.

As stated by Shankar et. al. (2013), loyalty enhancing initiatives are seen as a key part of a company’s success to retain customers. The prime membership was often mentioned as advantageous and a generator of positive experiences. The customers felt satisfaction from the perks of deliveries and services by having prime membership, thus the membership could be seen as an incentive to enhance loyalty among customers. Seemingly, customers grew accustomed to high service quality, and so forth established a buyer-seller relationship with higher acceptance for the fluctuating prices. They did not act with disloyalty to the company due to the price increase as they valued other service features that were delivered. Analyzing the customers’ loyalty, various forms of loyalty were found. Attitudinal loyalty was found among several prime member participants who stated that Amazon was their “go-to”. These did not even compare the prices elsewhere. Nevertheless, the vast majority of the informants were spuriously loyal to Amazon. As stated by Marburger (2015), loyal customers turned to other retailers as they noticed a price increase, systematically compared products and chose the most attractive offer. Lastly, there were also a couple of informants who showed tendencies of divided loyalty. They went to competing companies regardless of price dynamics, to find the most competitive offer and expressed the same level of commitment to those other companies. This suggests that customers’ attitude towards pricing changed and they become more spuriously loyal with a more frequent use of dynamic pricing.
7. Conclusion

This study aimed to capture customers’ attitude towards dynamic pricing. It has contributed with new insights on dynamic pricing by viewing the relationship between companies and customers from a customer’s point of view and within retail. Former studies have primarily focused on the strategic use of dynamic pricing as a business model and with perishable products.

The findings stress several reasons to why companies ought to consider the impact of dynamic prices among customers. First of all, the study revealed that a price increase did influence the customer’s attitude and caused annoyance. Furthermore, attitude was clearly influenced by customers’ presumptions about the underlying intentions of the price change, either resulting in emotions of fairness or unfairness towards the company's pricing strategy. As it turned out, a vast majority of the customers were spuriously loyal to the company, implying that they turned to other companies as prices increased significantly. This accentuates the importance for a company to examine their customers attitude to dynamic pricing. A company might lose customers since they are not prone to pay a higher price and consequently lose sources of income. Even those customers who stated that they were emotionally unaffected by price changes revealed past purchases when they adjusted their buying intentions according to dynamic prices. Despite that most customers ended up buying from the company, the price dynamics inevitably enhanced price comparison with competitors’ prices which indicate that they became affected. As in former studies (Abrate et. al., 2012), the empirical findings showed that the consumers found strategies to manage dynamic prices, which they adopted when they found it necessary. Nevertheless, not all customers acted on their emotions of annoyance and disapproval of dynamic prices. To some degree a high service quality was found to compensate for price fluctuations. Some of those who got bothered by price increases had learned how to research online and find the goods for the former price and from different vendors. Others, who also expressed dislikeness to dynamic pricing, valued other parts of the customer experience more than the pricing. In this way, customers might have been dissatisfied with one purchase but appreciated the overall quality. Consequently, they continued to purchase from the company. Lastly, there were a few who found it acceptable with dynamic prices. This was either due to insignificant price changes or misbelieves in what caused the price change.

7.1 Evaluation of Model, Managerial Implications and Future Studies

The findings were somewhat in line with the proposed model in figure 1. Dynamic pricing influenced the customer experience in terms of satisfaction, quality and value. This in turn influenced customer loyalty, trust and fairness. When it came to quality, some aspects seemed to be less influential than others. Revealed from the discussions, customers seemed less bothered by e.g. security and privacy. On the other hand, the findings stressed a proneness among customers to compare prices. Supported by the emerging stream of price tracking companies, who display price fluctuations and focus on price drops, this backlash needs more attention.
Furthermore, the findings from the study highlights the importance of further research in this field. It has been revealed that high service quality, especially delivery services, may preserve customer loyalty when applying dynamic pricing, despite causing emotions of unfairness among customers. Further studies should look into the behavioral consequences among customers as companies adapt dynamic pricing. Since the supply chain differ among marketplaces and industries, additional research should be done on what other service qualities that may outweigh pricing and could enhance loyalty. As stated, research has been conducted within the travel industry where dynamic pricing has become the leading price strategy. It would therefore be of interest to investigate in what ways customers’ attitude and level of acceptance differ when the dynamic pricing outlines the established pricing strategy.

The model did not really consider obliviousness of or unnoticed price changes among customers. As the empirical findings showed that some had taken notice of price changes, while others had not, the ‘price change’-event in the model should be modified. This held true for instantaneous shoppers and for some that did not store things in their carts. Customers that belonged to either of these groups were not exposed to the shopping cart that shows how prices change, they were seemingly unaffected, but were nevertheless exposed for dynamic pricing, yet unacknowledged. This is stressed by the results, showing that emotions of fairness or unfairness coupled to dynamic pricing were clearly affected by the customer’s insight. An improvement would be to add levels of consciousness about the dynamic pricing strategy in the model.

Furthermore, the model did not take any demographic aspects into consideration, such as nationality or age of the informants. Their attitude and level of acceptance of dynamic pricing could vary due to differences in online shopping behavior, cultural and social norms. Future studies should investigate how customers’ attitude to dynamic pricing is affected by various cultural preconditions on different markets and within various customer segments.

Lastly, the empirical findings revealed that the rating system was of great importance in the value and trust judgement. This too needs more attention and should be a subject for further studies.
8. References


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9. Appendix 1

Topic 1: Consumer Experience

To capture consumer’s experience the following questions were posed: (1) Can you share an experience when you reacted to the price? (2) What emotions, thoughts and reflections were triggered at that moment?

Topic 2: Customer Value

To capture customer value, the following questions were posed: (1) What does your purchase process look like? (2) How do you store things in the cart? (3) How much time do you spend on research? (4) When do you feel like the right time to make a purchase? (5) Have purchases on Amazon changed the way you consume goods, and if YES, in what ways?

Topic 3: Satisfaction and Quality

To capture expectations, the following questions were posed: (1) What are your expectations when buying from Amazon? (2) How do prices on Amazon meet your expectations? (3) Have you, and in that case in what ways, adjusted your expectations from when you initially started purchasing on Amazon?

Topic 4: Fairness

To capture fairness, the following questions were posed: (1) How does price increases make you feel like and what thoughts and reflections are triggered? (2) What do you think about their reference price? (3) How often do you feel like a price changes?

Topic 5: Trust

To capture customers’ trust, the following questions were posed: 1) How does the changing prices impact on your trust for future purchases? 2) How does Amazon make you feel trust/mistrust? 3) Do you think the prices on Amazon are the lowest?
Topic 6: Loyalty

To capture customer loyalty the following questions were posed: (1) Why would or wouldn’t you recommend others to purchase from Amazon? (2) What makes the prices on Amazon different from other marketplaces? (3) What other marketplaces do you browse? (4) Is Amazon your first go-to? Have you found cheaper prices elsewhere?