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MK321-3 – Consumer Behavior

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February 2, 2025

Consumer Perceptions of Price Unfairness and the Ticketmaster Controversy

The article *Developing a Model of Antecedents to Consumers' Perceptions and Evaluations of Price Unfairness* by Bechwati et al. (2009) provides a comprehensive analysis of how consumers assess price fairness and the key factors influencing their perceptions. Perceptions of excessive profits, the firm's perceived immorality, and a lack of understanding of pricing methods are the three main determinants of price injustice identified by the study.

One of the article's main conclusions is that when customers think a business is making excessive profits, they respond unfavorably. According to Bechwati et al. (2009), "The dual entitlement principle calls for what is perceived as fair profits while any excessive profits seem to be judged negatively." This implies that customers want companies to make fair profits without taking advantage of them. The outcry against pharmaceutical corporations that drastically boost drug costs, like Turing Pharmaceuticals' price increase of almost 5,000% for Daraprim, is a glaring real-world illustration of this. Numerous people denounced the action as exploitative, which sparked consumer resentment and regulatory action.

The second predecessor, perceived immorality, describes situations in which customers think a business is not operating morally. In the words of Bechwati et al. "Consumers make inferences about a firm's motive for a price increase and whether the inferred motive is positive or negative influences perceptions of price fairness." This is evident in sectors like airline ticket pricing that depend on deceptive pricing schemes or hidden costs. Customers frequently complain that airlines advertise inexpensive base fares but charge exorbitant fees for seat selection, luggage, and other services, creating perceptions of unfairness.

The ticket prices and service fees offered by Ticketmaster and Live Nation are prime examples of perceived price injustice, especially in the entertainment and live event sectors. Dynamic pricing methods, in which ticket prices fluctuate according to demand, and exorbitant service fees, which dramatically raise the total cost of the transaction, often make fans feel taken advantage of. During Taylor Swift's Eras Tour and Beyoncé's Renaissance World Tour ticket sales, this problem attracted a lot of attention. Because of Ticketmaster's secretive pricing structure, fans of both acts had to deal with lengthy wait times, internet outages, and outrageous prices. Since many customers saw this as corporate greed rather than normal market swings, class-action lawsuits and increased scrutiny of Ticketmaster's ticketing monopoly ensued. The uproar surrounding Beyoncé's tour reinforced fans' notions of pricing inequity and highlighted their dissatisfaction when businesses put profit ahead of accessibility.

Perceived price unfairness is significantly influenced by the last predecessor, which is the incapacity to comprehend pricing mechanisms. According to Bechwati et al. (2009), "having information about supply and demand and the sellers' profit orientation is necessary. Otherwise, the fairness of the pricing process is questioned." If not, the pricing process's fairness is called into doubt. Consumer dissatisfaction is common in industries like telecommunications that have complicated pricing strategies. Customers may believe the business is purposefully hiding costs when they have trouble understanding their phone or internet bills because of hidden fees or unclear pricing tiers, which would only serve to reinforce unfavorable opinions. The same is true of Ticketmaster's pricing, where customers find it challenging to ascertain the actual cost of attending an event due to the company's deceptive dynamic pricing and hidden costs.

From a managerial standpoint, companies must guarantee pricing transparency in order to preserve customer loyalty and confidence. Perceptions of unfairness can be minimized by offering explicit explanations for price increases, such as cost-driven adjustments. In order to make sure that customers understand why a product or service is priced a certain way, businesses should also effectively convey their value proposition. Certain subscription-based businesses, like Netflix, are transparent about price adjustments and the factors that led to them, including service enhancements and the cost of acquiring new material. To improve public perception and lessen backlash, businesses like Ticketmaster, on the other hand, can profit from increased openness in their price structures and resale regulations.

To sum up, the Bechwati et al. (2009) study provides insightful information about consumer psychology with regard to pricing fairness. Businesses can create tactics that build trust, enhance brand reputation, and promote long-term customer loyalty by comprehending the root causes of the perception of price unfairness, which include excessive profit perceptions, ethical issues, and a lack of transparency. Pricing fairness is crucial in influencing customer views and company reputations, as evidenced by the continuous pushback against Ticketmaster's policies in prominent incidents like Beyoncé's Renaissance World Tour.