

## Customer Fairness in Participative Pricing: Sustainability of PWYTF Pricing

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The concept of Pay What You Want (PWYW) pricing entails actively engaging customers in the pricing decision-making process. However, prior scholarly investigations have raised concerns regarding the long-term viability of this pricing mechanism, despite the absence of any empirical examination thus far. In contrast, the implementation of Pay What You Think Fair (PWYTF) pricing introduces a novel approach wherein customers are presented with the opportunity to assess the fairness of a given price and subsequently determine their own payment amount. This unique framework allows for the evaluation of customers' perceptions of fairness, thereby enhancing the sustainability of participative pricing mechanisms within the travel industry. Buyers typically lack knowledge regarding the precise cost incurred by sellers for the item being sold, as well as other pertinent information that would enable them to make an accurate estimation of its cost. Therefore, it can be observed that there is a considerable variation in the references made by buyers when forming their judgements regarding price. In essence, the implementation of a participative pricing mechanism that grants customers the freedom to determine the price based on their own reference point for a product may result in the impracticality of such an approach. While the concept of allowing customers to pay what they desire may initially appear sophisticated, it can ultimately undermine the viability of the pricing mechanism. This study aims to explore the relationship between customer knowledge of product price, their reference price, and their willingness to pay a fair price in the context of the sustainability of the Pay What You Think is Fair (PWYTF) pricing mechanism. The present study utilised a structured questionnaire to collect survey data from a sample of 164 participants. The questionnaire aimed to assess the buyers' perceived knowledge regarding the price of the item they purchased, their reference price, their willingness to pay a fair price, and their perception of the sustainability of the Pay What You Think is Fair (PWYTF) pricing mechanism. Participants were asked to rate their responses on a seven-point Likert scale. Measurement and path models were tested. The present study yielded empirical evidence that supports all of the formulated hypotheses, with two of them demonstrating statistical significance at a level of  $p < 0.01$ . The results indicate that there is a positive and statistically significant relationship between perceived payment fairness and the variable of interest ( $\beta = .478$ ,  $p < 0.05$ ). The relationship between price knowledge and perceived seller-fairness is partially mediated.

This research study makes significant contributions to the existing body of knowledge on the subject of behavioural pricing, with a specific focus on participative pricing. The study provided further evidence supporting the effectiveness and sustainability of the pay-what-you-think-is-fair pricing mechanism. The present study aims to conduct an empirical examination of a conceptual framework that establishes a theoretical link between customers' knowledge of product price, their reference price, and their willingness to pay a fair price in relation to the sustainability of the Pay What You Think is Fair (PWYTF) pricing mechanism.