Partitioned Pricing and Consumer Perception in Online Purchases

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Abstract

Firms may charge a partitioned price as well as a combined and all-inclusive price for a product. When the price of a product is represented in a partitioned format which consists of a base price and a separate surcharge, consumers may tend to process only the base price instead of both parts. Because additional research about consumers' processing of combined versus partitioned pricing for different contexts is needed, this research aims to investigate whether a partitioned price is perceived as more attractive than a combined one for two product categories which are different in terms of price levels and purchase frequency in online purchases. Clothing and electronic products are subject to current study. Two different partitioned price formats in which surcharge is represented as a percentage of the base price and monetary terms and a combined price format are analyzed. The data are collected via internet. Thurstone's paired comparison method is used to determine which format is preferred to others. The results indicate that the most preferred price representation format is base price plus surcharge in monetary term, while the least referred format is combined price format for two product categories.