

# The Effect of Retailing Prices Aspects on Consumers Price Sensitivity: An Analytical Study of a Sample of Palestinian Electronic Shoppers

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## Abstract

The purpose of this research is to investigate the effect of a set of aspects of online retailing prices on consumers' price sensitivity. These online pricing aspects including consumers' awareness about dynamic pricing, perceived price information symmetry, perceived retail's price transparency, price comparison websites' perceptions, and the consumer awareness of retailer's accountability are assumed as reasons for reducing consumers' price sensitivities in the online context. This study includes an online survey with a convenience sample of 466 Palestinian consumers who shop online for semi-durable consumer goods, from the global famous online shopping retailers/websites. Data analysis is conducted using different statistical techniques including multiple linear regression to test the research hypotheses. The results show that the research multiple regression model is statistically significant providing evidence that the research hypotheses are substantiated.

The research findings contribute to the existing literature on price sensitivity as the research is theoretically conceptualized and empirically testing a model of aspects of online retailing prices and online consumer price sensitivity.

**Keywords:** Online Retailing, Consumers' Price Sensitivity, Dynamic Pricing, Perceived Information Symmetry, Perceived Pricing Transparency, Price Comparison Websites, Retailer Accountability.

## Introduction:

The global financial crisis of 2007 has cast its long shadow on the economic fortunes of many countries, often referred to as the 'Great Recession' <sup>(82)</sup>. As a result, several consequences and changes in the business environment, especially the economic consequences that affected consumer spending power, made them more cautious about the future. These consequences have been further exacerbated with the current pandemic of Covid-19 and its various consequences in terms of increasing demand on online shopping, and consumers' concerns about their health and safety, food security, jobs, and education etc. However, the predictability of the effects of these changes on buyer behavior is becoming even more difficult in the context of the internet. In response, the creativity and development have taken shape in different ways and levels, among these was the acceleration of online retailing. This business model has brought with it several benefits for both the retailers and the consumer and has settled many of the pitfalls of traditional models such as time, convenience, and costs. Price, as the most critical element in the marketing mix, was creatively reproduced in the retailing cyberspace, in that online retailers' pricing strategies are evolved. For example, the pricing strategies are part of a more dynamic

system, which consists of frequent modifications of the prices of goods and services in order to maximize sales and profits <sup>(4)</sup>. Such information technology-enabled electronic markets have facilitated price discovery by both buyers and sellers compared to traditional, physical markets and have increased market transparency due to increased accessibility and availability of market information <sup>(74)</sup>, bringing to the surface a paradox that, under some principles of price fairness different prices for the same product are accepted and perceived as fair prices <sup>(24)</sup>. Furthermore, most of previous research efforts on price sensitivity were focused on traditional retailing ("brick-and-mortar"), rather than online context. The previous research has linearly approached this phenomenon in the search for how consumers' price sensitivity can be lowered or dealt with by using standard marketing variables such as perceived substitutes, quality, fairness, and unique value as factors of price sensitivity <sup>(25)</sup>, customers' purchase intentions <sup>(70)</sup>, bundling strategies <sup>(29)</sup>, status consumption<sup>(44)</sup>, advertising <sup>(58)</sup>, and/or power distance belief <sup>(62)</sup>. Previous research results on the association between online pricing and price sensitivity are mixed results and even contradictory. Some research findings revealed that consumers are

not always sensitive to price in their purchasing decision, for example, consumers buy more iPhones at the initial higher price rather than at lower prices at a later date. On the other hand, consumers were more sensitive to technological innovations in their purchase decisions in other purchase occasions<sup>(11)</sup>. While Gourville and Koehler<sup>(45)</sup> found that those consumers are more sensitive to changes in price than to changes in quantity, Shankar *et al.*,<sup>(95)</sup> found that some aspects of the online medium and the web site can actually dampen price sensitivity, specifically, that web sites as a highly interactive interface can reduce price sensitivity by providing in-depth information (both price and non-price).

However, none of these studies directly investigated the effect of various aspects of online retailing prices on consumers' price sensitivity. More specifically, none of these studies has investigated the effect of integrated internet-price-related factors on reducing consumers' price sensitivity.

The purpose of this research, therefore, is to investigate the effect of a set of aspects of online retailing prices on consumers' price sensitivity. These online pricing aspects are assumed as reasons for the reducing consumers' price sensitivities in the online context. These aspects include the awareness of consumers about dynamic pricing, perceived information symmetry (information availability), perceived pricing transparency, price comparison websites' perceptions, and the consumer awareness of retailers' accountability. While most marketers dream of being able to charge high prices for their products which require spending vast sums to enhance perceptions of value (e.g., by improving product benefits)<sup>(62)</sup>, this research provides another approach for achieving this by investigating how price sensitivity can be lowered through online context and information-based factors. Consequently, instead of continuously striving to identify and target consumer segments that are less price-sensitive because these consumers are more likely to find price increases palatable<sup>(62)</sup>, this research is investigating how consumers price sensitivity itself can be lowered rather than finding less-price sensitive consumers. As such sensitivity is one of the key factors affecting the companies' pricing choices as well as its ultimate profitability<sup>(69)</sup><sup>(1)</sup>. That is, unlike the offline/physical context, these aspects, by, and to some extent, make consumers less reluctant about the price, and therefore, reducing their price sensitivity.

The next part of the study presents the theoretical research framework. The third part presents the research methodology, and the fourth part presents the research findings, conclusion and implications, and future research directions.

### Theoretical framework

In today's market, pricing strategies have an important place in the competitive advantage of

companies<sup>(103)</sup>. In that, the price is the value which each seller requires in exchange for a product or a service, and the customer then decides whether to accept it or not<sup>(87)</sup>. Generally, consumers are sensitive to the prices because they want the maximum benefits in return for their money and time<sup>(1)</sup>. Although, the price is not the only determining factor in a consumer's decision-making process<sup>(42)</sup><sup>(91)</sup>, it is the central tool to increasing business profits. Moreover, price setting in the retail business is especially complex as it must consider the firm's environment and the competition<sup>(87)</sup>. Thus, researchers have invested considerable efforts to try to better understand the determinants of consumer price sensitivity because this significantly informs and assists firms and managers on product design, pricing strategy and brand equity management<sup>(32)</sup>, as the price is not only the first, but also a relatively important element in purchase decisions<sup>(19)</sup>.

Price sensitivity is an essential tool in the analysis of goods and services demand and in understanding decision making processes related to pricing, investment and planning<sup>(103)</sup>. There are several arguments in the literature for why price sensitivity might vary by product<sup>(37)</sup>. Therefore, consumer price sensitivity has become a major issue over the past few decades, but this sensitivity is not absolute, it is affected by numerous factors such as the level of purchase involvement, bundled discounts and brand loyalty<sup>(30)</sup>, product category<sup>(71)</sup>, dynamic pricing environment and perceived price fairness<sup>(b64)</sup> and as a predictor dimension of customer loyalty beside purchase intention, word-of-mouth communication, and complaining behavior<sup>(92)</sup>. Whether predictor or outcome, price sensitivity is one of the key factors affecting companies pricing choices<sup>(69)</sup>, as marketers need to price their products by looking beyond costs and competitive forces by analyzing the value of information; consumers' price sensitivity; and transaction costs other than search costs, against the characteristics of their product they could make more profitable pricing decisions<sup>(101)</sup>. However, price (or consumer reaction to price) is so interconnected with most aspects of consumption which potentially involves most of the concepts employed by consumer researchers to explain many aspects of consumer behavior<sup>(44)</sup>. Accordingly, it can be concluded that consumers' price sensitivity, though it is a basic driver for purchase decision, it is a result of many factors in that consumers acceptance of products prices, or reactions to price changes are function of many situational, product category, and personal factors in which there are a plenty of literature. Therefore, consumers' price sensitivity is a very context specific phenomenon in that consumers show different sensitivities in different contexts particularly in "brick-and-mortar" retailing versus online retailing. This takes the discussion a step further to focus on an online retail consumers' price sensitivity

and the unique predictors of it as will be presented in the following sections.

### Online consumers' price sensitivity

Online consumers' price sensitivity is better to be parametrically investigated within the research framework making it more predictable phenomenon. Empirical evidences from internet shopping literature suggest that through reducing search cost, the internet will increase consumer price search and intensify price competition<sup>(52)</sup>. Offering consumers with an easy access to a vast number of existing internet stores enables buyers to customize their shopping processes to minimize the total purchase cost<sup>(53)</sup>. And increased access to information to make purchase decisions<sup>(46)</sup>, making the process of finding and comparing consumer products and prices significantly easier for shoppers yet quickly finding the best product at the absolute lowest price, from an accessible and reliable retailer<sup>(28)</sup>. Adding to that, consumer resistance to the higher prices forced manufacturers of major national brands to slash their prices and maintain them at lower levels<sup>(97)</sup>. Different consequences can be identified accordingly, for example, Granados *et al.*,<sup>(46)</sup> concluded that the internet increases price sensitivity. They found that consumer demand in the internet channel is more price elastic for both transparent and opaque online travel agencies (OTAs), in part, because of more leisure travelers self-selecting the online channel, relative to business travelers.

Other conclusions include just the opposite in that online consumers are less price sensitive compared to traditional supermarket consumers or when they shop online than when they shop offline<sup>(3)(23)</sup>.

However, price sensitivity goes beyond whether buyers prefer either high or low prices to include buyers level of confidence or reluctance on whether they are paying the fair price and that their decision is based on trusted information. More specifically, it refers to the weight attached to price in a consumer valuation of a product's overall attractiveness or utility<sup>(32)</sup>. Therefore, when sensitive buyers decide to or actually buy, their sensitivity slows down and may even decide to stay with their vendor.

The above discussion shows that most literature on explaining consumers price sensitivity in online retailing can be grouped into using information, brand, promotion, different product categories and various other marketing variables, and comparing consumers price sensitivity in online retailing versus offline retailing, but few investigate what actually reduces this sensitivity. Moreover, empirical findings with actual data on the effect of the internet on price competition, price dispersion, and consumer price sensitivity are mixed, even for physical identical products such as books and CDs<sup>(23)</sup>. Therefore, consumers' price sensitivity and its dynamics should

be investigated to develop an optimal pricing strategy<sup>(61)</sup>.

The framework and hypotheses for this study have been developed based on the literature discussed in this research, and the measurement and relationship of aspects of online retailing prices have been theoretically supported based on the literature review and will be discussed further in the following pages. These factors are uniquely combined as aspects of online prices relative to previous research efforts while maintaining their consistency with existing literature on the topic. Overall, such aspects should not be large as they are eventually representing an area(s) of online pricing strategy.

The following section theorizes the aspects of online retailing price and relating them to the consumers' price sensitivity. As they appear in the research conceptual framework presented in Figure I.

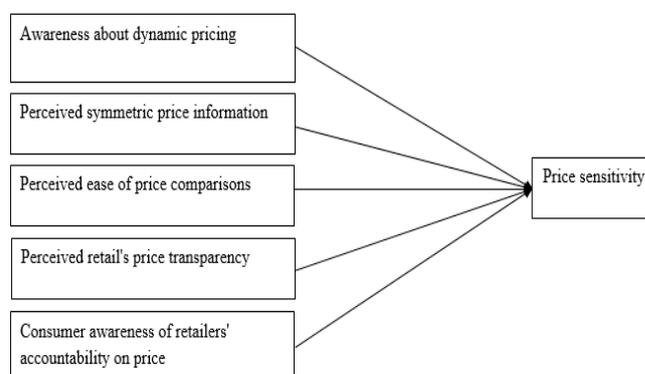


Figure 1. Research model and hypotheses

### Consumers' awareness about dynamic pricing

In this era of big data, online retailers' pricing strategies are evolving towards an online dynamic pricing system, which consists of frequent modifications of the prices of goods and services in order to maximize sales and profits<sup>(4)</sup>. These dynamic adjustments in prices represent the underlying concept of price customization depending on the value customers attribute to a good and charging different prices to end consumers based on a discriminatory variable<sup>(83)</sup>.

Thus, it serves as a strategic revenue management tool used by businesses to maximize profit by continuously adjusting prices in response to fluctuations in demand<sup>(68)</sup>. It involves changing the price charged for a product or service either over time<sup>(36)</sup>, across consumers, or across products/services<sup>(54)</sup>, and based on analytical, fact-driven decision-making to replace a "gut feeling" approach to pricing<sup>(12)</sup>. Companies may also implement dynamic, or "smart," pricing—in which the prices they charge vary from one market to another, depending on market conditions, differences in the costs of serving individual buyers, and variations in the way consumers value the offering brands<sup>(97)</sup>.

In this context of online retailing, which is increasing at an exponential rate, dynamic pricing is prevailing reflecting the increasing use of auction models in business and consumer markets to sell commodities, excess inventories, used merchandise, rare items collectibles, and other items<sup>(54)</sup>, as well as pricing mechanisms such as different forms of promotions, auctions, discounts, clearance sales, markdowns, and price negotiations<sup>(2)</sup>. Auctions and exchanges (e.g., eBay) have become well-established and customers have learned to expect price discounts when using digital channels<sup>(84)</sup>. In addition, certain aspects of dynamic pricing in consumer markets can be found online (e.g., dynamic pricing of posted prices, reverse auction pricing of goods and services as used by Priceline)<sup>(54)</sup>.

Intensive review of literature on the association between dynamic pricing and consumer price sensitivity is inconclusive, in that, it cannot be easily concluded that dynamic pricing decreases or increases consumer price sensitivity as the direction of effect depends on customers themselves and many other perceptual factors other than technical factors such as, charging different prices to end consumers based on a discriminatory variable<sup>(83)</sup>. While these different prices do not necessarily distinguish between different types of customers<sup>(10)</sup>, dynamic pricing should consider some further factors such as how the consumer behaves over time, the influence factors behind the purchase decision, and the competition and other market conditions<sup>(102)</sup>. Including these factors is therefore better, as it is to be based on the understanding of the consumer's expectations of a product, and then tailoring pricing segmentation to individual consumers according to consumers' price sensitivity and their willingness to pay<sup>(106)</sup>. Accordingly, dynamic pricing creates different target market segments, which are based on the consumers' 'willingness to pay' (WTP)<sup>(2)</sup>. The nature of the online medium and the characteristics of websites can significantly alter the degree of customer price sensitivity in online markets<sup>(95)</sup>. Internet technology will serve as a great enabling tool for making dynamic pricing accessible to many industries. Reinartz<sup>(83)</sup> states that the internet supports real time consumer information, measuring their purchase experience, enabling the sellers' segment consumers to identify similar consumers based on their willingness-to-pay representing an advantage to the dynamic pricing application<sup>(2)</sup>. Thus, price itself could contribute to the reducing consumers' price sensitivity when dynamically changed reflecting market situation in terms of demand, time, and consumer preferences. Accordingly, it can be concluded that dynamic pricing more probably lowers consumer price sensitivity. Thus, the first hypothesis can be formulated as follows:

**H1.** Consumers' awareness about dynamic pricing will reduce their price sensitivity.

### **Perceived symmetric product price information**

Consumer uncertainty about products arises from the condition of imperfect and asymmetric information that characterizes many product markets because firms are more informed about their own products than consumers<sup>(32)</sup>. Thus, internet is primarily closing this information gap as it reduces sellers' market power by reducing buyers' search costs, due to various search engines, shopping agents, and price comparison sites that will ultimately force greater price competition among sellers<sup>(6)</sup>. Therefore, consumers could impute the cost structures of various firms through their prices and could use this information to bargain explicitly or implicitly, for a lower price that they may deem to be fair<sup>(97)</sup>.

While there is a consensus that the increasing use of information technology in markets tends to reduce the asymmetry of information between buyers and sellers<sup>(59)</sup>, in such an environment, the internet plays a key role in how consumers learn, evaluate, and understand brand information (e.g. attributes), evidence on the effect of symmetric information on consumer price sensitivity is inconclusive. Erdem *et al.*,<sup>(32)</sup> found that consumer uncertainty resulting from imperfect and asymmetric information suggests that consumer price sensitivity may be a function of available information. Therefore, by decreasing uncertainty and associated perceived risks, brand credibility may decrease sensitivity to price<sup>(32)</sup>. Thus the reason why internet buyers can be seen as less price sensitive buyers as they perceive internet a *mecum* through which they can access comprehensive product information, and in turn decreasing uncertainty associated with their purchase decisions. Therefore, websites can reduce price sensitivity by providing in-depth information (both price and non-price) that is available through a highly interactive interface<sup>(95)</sup>.

Providing appropriate information can help online retailers to dispel concerns and fears of consumers towards a particular product or online shopping<sup>(72)</sup><sup>(26)</sup>. Thus, the second hypothesis can be formulated as follows:

**H2.** Perceived symmetric product price information will reduce consumers' price sensitivity.

### **Perceived retail's price transparency**

Transparency is one of the most prominent demands from consumers today<sup>(88)</sup>. Nonetheless, little is known about the transparency and how it affects consumers' purchase intentions and perceptions of a brand<sup>(57)</sup>.

Although there are an increasing number of examples of greater operational transparency in supply chains, cost transparency in consumer markets is not

widespread<sup>(66)</sup>. Price transparency exists when a company shares information about its quoted prices with customers in a clear and comprehensive way<sup>(27)</sup>. Such information may include price-setting, price-changing, or cost breakdown information (e.g., designated mark-up, motive for future price increase, direct unit cost)<sup>(34) (96)</sup>.

The internet has increased price transparency by inducing fierce competition among online retailers and forcing them to provide real-time and quick responses to competitive offerings and disclosing more detailed product information to consumers. The price transparency enjoyed by consumers has prompted many online retailers to adopt a competition-based pricing strategy in which they constantly monitor competitors' prices and use this as an input in setting their own prices<sup>(37)</sup>.

As a result, the abundance of free, easily obtained information on the internet are making a seller's costs more transparent to buyers allowing them see through those costs and determine whether they are in line with the prices being charged<sup>(97)</sup>. Therefore, prices of online products are becoming more transparent to buyers, making it easier for them not only to make comparisons with other online products but also with products offered by traditional stores as well. Buyer-led pricing and reverse auctions allow consumers to see the "price floor" more easily than they can with traditional shopping, sites like Priceline.com and eBay, consumers have started to believe that the prices of even the best-known brands are open to negotiation<sup>(97)</sup>. Transparency purportedly engages customers and builds trust and goodwill among customers<sup>(7)</sup>. It has been argued that price transparency is an integral input to the consumer's perception of fairness<sup>(50) (89)</sup>. As a consequence, customers will increasingly demand open, honest and complete information on products and prices<sup>(67)</sup>. Furthermore, price transparency and fairness perceptions directly influence satisfaction judgments because consumers judge the price paid according to the consistency in product or service performance<sup>(89)</sup>. Therefore, price transparency entails cost transparency, as increased cost transparency represents an important product attribute for consumers, enhancing fairness perceptions and affective evaluations<sup>(66)</sup>. Accordingly, brand credibility decreases price sensitivity<sup>(32)</sup>.

That is, providing transparent, honest, and complete information about prices and complex fee structures to customers, particularly in situations of intense price competition, fluctuating prices, and complex price mechanisms, may lead customers to infer those prices are fair and that they will be satisfied with the service<sup>(81)</sup>. As a consequence of a high price transparency, customers' search and evaluation costs will diminish, which should lead to higher price satisfaction<sup>(67)</sup>. It has been asserted also that consumers "feel a lot better" if the products have

transparent information and business practice and were willing to pay a higher price for such product<sup>(9)</sup>. It is true consumers are sensitive when they have more options but this sensitivity is reduced online with more price transparency. Thus, the fourth hypothesis can be formulated as follows:

**H3.** Perceived retail's price transparency will reduce consumers' price sensitivity.

### **Price comparison websites' perceptions and consumers' price sensitivity**

Online shopping behavior within the context of price comparison websites (PCWs) presents an interesting area of consumer behavior, yet very little research has been done in this area<sup>(75)</sup>. The large and growing industry of price comparison websites or 'web aggregators' is poised to benefit consumers by increasing competitive pricing pressure on firms by acquainting shoppers with more prices<sup>(86)</sup>.

Comparison shopping can be defined as -the practice of comparing the prices of items from different sources to find the best deal<sup>(48)</sup>. Price comparison websites provide the online alternative to this, and therefore, defined as the online tool that allows for the comparison of item prices from different sources to find the best deal<sup>(60)</sup>.

The internet has altered search costs, allowing consumers to compare prices across firms in a matter of clicks, intensifying competitive pricing pressure between firms. While a consumer may not know of all the firms in a market, a PCW can expose the full list of market offerings, maximizing inter-firm pressure<sup>(86)</sup>. These price comparisons are facilitated by numerous best price comparison engines to increase e-commerce sales such as: Google Shopping, Yahoo! Shopping, BizRate, MetaPrice, PriceScan, PriceRunner, PriceGrabber and Shopping.com.

It is argued that the greater the perceived usefulness of price comparison websites, the more it is expected that shoppers will use the information available on these sites in their pre- and post-purchase decisions<sup>(60)</sup>, and therefore acts as a key influencing factor on price sensitivity. It is true that price comparison websites offer shoppers a range of choices and assist them in making their choices<sup>(16)</sup>, but they also allow shoppers to shop across stores making online switching behavior (or 'eSwitching') a possible outcome of this process<sup>(60)</sup>. However, much depends on the usage and perceived usefulness of price comparison websites leading to the association between price comparison websites' perceptions and consumers' price sensitivity is still remaining inconclusive. For example, Osakwe and Chovancová<sup>(75)</sup> found that strong perceptions towards online ads provide fertile ground for shoppers to become increasingly price sensitive. While consumers who search intensely are found to be less price sensitive, reflecting their increasing weight on retail

differentiation in delivery and reliability<sup>(17)</sup>. This is possibly because shoppers may select vendors whose prices are not the lowest, such choices might result from ignoring the price dispersion, or perceiving significant differences among the vendors of the goods that make some preferable to others despite higher prices<sup>(79)</sup>. That is, the active use of price comparison websites not only reduces search costs but also empowers shoppers to buy from firms offering the best deal<sup>(60)</sup>, despite the price differences. Consequently, the fourth hypothesis can be formulated as follows:

**H4.** Price comparison websites' perceptions will reduce consumers' price sensitivity.

#### Consumer awareness of retailers' accountability

Accountability takes different meaning depending on the context or accountability indeed works as a vital element on social media in online retails<sup>(94)</sup>. A research by Kerr *et al.*,<sup>(55)</sup> indicated that bloggers are circumventing the traditional self-regulatory process by distributing information, opinion, and even banned advertising material, thereby forming power hubs of like-minded people, with the potential to become online pressure groups, augmenting the traditional powers of consumers in the self-regulatory process. That's mean consumers can hold retailers accountable by different means: such as consumer boycotts, and negative feedback. For example, there is evidence that companies do suffer commercially form boycotts<sup>(18)</sup>, and negative online consumer reviews<sup>(80)</sup>.

The ever changing "e-marketplace" made online retailing a challenging work where the buyers and the sellers are physically separated, contingencies are difficult to predict and incorporate into contracts, relationships are difficult to monitor, and cyber-laws are not well defined. Consumer trust in a company's activities is highly dependent on the extent to which he/she disapproves the firm's ethical practices relating to product, price, distribution, and promotion<sup>(85)</sup>. However, unlike the traditional model of commerce; the internet provides a new tool for consumers that mitigates concerns about unethical retailers' practices, such as dangerous products, misleading prices, and deceptive advertising. Scholastica *et al.*,<sup>(94)</sup> stated that the features of the top most online retails of the world such as Amazon, Alibaba etc., accountability

and reliability are the main secrets to make the customers come and keep returning. Consumers can hold online retailers accountable by many techniques, which the internet makes available, represented by online consumer reviews which have increasingly become a popular means through which the lay person can both procure advice and offer personal opinions<sup>(51)</sup>. They contain information about and recommendations of the products from the consumer's perspective<sup>(a63)</sup>. This represents an easily accessible, dominant type of electronic word-of-mouth (eWOM) communication<sup>(20) (93)</sup>, and therefore an increasingly important source of product information<sup>(22)</sup>. An online consumer review can be defined as any positive or negative statements made by customers about their opinions on products and services<sup>(77)</sup>. Amazon, the electronic retail giant, is a prominent example of a site which hosts such user generated content; the opinions of its repository of reviewers have become an important source of assurance provision<sup>(14) (20) (5) (51)</sup>.

This advances in technology and the emergence of digital media are bringing a new wave of consumerism in that today online consumers have more control and bargaining power than consumers of physical stores<sup>(33)</sup>.

Recent research found that a real connection has been delved between customer satisfaction and the reliability or accountability of the online retail business on the platform of social media<sup>(94)</sup>. It can be concluded here that consumers can use review websites either as an important source of assurance provision or for online retailers' accountability or both. Therefore, consumers' awareness and use of review sites takes accountability further and puts it in practice in that consumers are now able to hold online retailers accountable by different means. Furthermore, it can be concluded that when consumers are aware and able to use such accountability tools, their satisfaction might increase and their reluctance to accept products price is expected to be lowered. Thus, the fifth hypothesis can be formulated as follows:

**H5.** The more consumers are aware that they can hold retailers accountable on their offerings, they can be less price sensitive.

The research variables definition and sources are summarized in Table I.

**Table 1.** Summary table of variables definition and sources

Research construct	Description	Sources
Consumers price sensitivity	Is an individual difference variable describing how individual consumers show their reactions to changes in price levels in that customer perceptions of price and their responses to price indicate whether a market is very price sensitive or not.	Al-Mamun <i>et al.</i> ,(2014)
Awareness about dynamic pricing	Consumers' awareness about the dynamic adjustment of prices to consumers depending on the	Reinartz (2002)

	value these consumers attribute to a good.	
Perceived symmetric price information	The perceived availability of in-depth information (both price and non-price) that web sites are providing through a highly interactive interface.	Shankar <i>et al.</i> ,(1999)
Price comparison websites' perceptions	The extent to which consumers perceive PCWs as an online tool that allows for the comparison of item prices from different sources to find the best deal.	Osakwe and Chovancová, (2015); Kwarteng <i>et al.</i> , (2020)
Perceived price Transparency	Price transparency exists when a company shares information about its quoted prices with customers in a clear and comprehensive way. It refers to the extent to which consumers' perceive that information as complete, accurate, and honest price information from a company.	• Diller (1997); Rothenberger (2015); Puccinelli <i>et al.</i> , (2009)
Consumer awareness of retailers' accountability	The extent of consumer awareness of the existence of product review websites and other social media platforms and the potential use of such platforms for holding e-retailers accountable on their unfair prices or offerings if they were so.	Bailey (2005); Lee <i>et al.</i> ,(a2011); Scholastica <i>et al.</i> , (2020)

## Methodology

### Measurement of constructs

The research independent and dependent variables were measured through subjective perception of the online shoppers using a five-point Likert scale, ranging from 1 meaning- strongly disagree to 5 - meaning- strongly agree, with 3 as a neutral point.

While demographic characteristics were measured using dichotomous scales to describe the sample elements, independent and dependent variables were measured through subjective perceptions of the online shoppers using sets of items as presented in Table II (Appendix 1), which have been identified from the pertinent literature as explained in the following paragraph. These items are the items after adjusting the scale of measurement based on reliability and validity tests as explained later in the research findings section. These multi-item scales were chosen because they have a proven track record of reliability and validity.

#### Dependent Variable

The scale response items for the dependent variable, price sensitivity, includes five items and was adapted from Goldsmith *et al.*,<sup>(44)</sup>. This scale was first initiated by<sup>(43)</sup>.

#### Independent variables

The construct of consumers' awareness about dynamic pricing was measured using three items and it has been adapted from Victor *et al.*,<sup>(105)</sup> for which they have developed based the Expert Opinion method.

The construct of perceived price information symmetry was measure using three items adopted from Vasić *et al.*,<sup>(104)</sup> which they have developed based on prior research work of Fornell<sup>(37)</sup>; Novak *et al.*,<sup>(72)</sup>, Lim<sup>(65)</sup>, and Smith<sup>(98)</sup> for which there is a

Consensus that information availability implies that consumers can receive identical, timely and accurate information.

The Perceived retail's price transparency scale of measurement consists of four items as adapted from Matzler *et al.*,<sup>(67)</sup> and Rothenberger<sup>(89)</sup>.

The Likert scale response items for price comparison websites' perceptions(PCWs) were adapted from Gentry and Calantone<sup>(39)</sup>, Park and Gretzel<sup>(78)</sup>, and Osakwe and Chovancová<sup>(75)</sup>, and it consists of four items reflecting consumers awareness of the existence of price comparison websites' as well as the potential use of such websites.

The measurement items for consumer awareness of retailers' accountability have been adapted from Gentry and Calantone<sup>(39)</sup>, Bailey<sup>(5)</sup>, Lee *et al.*,<sup>(a63)</sup>, Osakwe and Chovancová<sup>(60)</sup>, and Scholastica *et al.*,<sup>(94)</sup>. The scale consists of five items. These items have been adapted to ensure their consistency with the construct measurement and research purpose reflecting consumers' awareness of the existence of product review websites and other social media platforms and the potential use of such platforms for holding e-retailers accountable on their practices.

### Sample description and data collection

#### Sampling procedures

This study included a survey of a sample of Palestinian consumers who are used to shopping online for semi-durable consumer goods, which include products such as clothing and shoes, soft furnishings, jewelry, and so on, from the global famous and online shopping websites/retailers such as Amazon, eBay, Google Shopping, Zappos, Wish, DHgate, Banggood, and Alibaba. A convenience sample of 466 respondents was chosen for the survey purposes as a probability sample was difficult for this study as the research population size is unknown and cannot be identified in Palestine. However, sample size,

sampling technique (nonprobability sampling), and sample type (convenience) employed in this research was consistent with previous comparable research efforts (e.g. Elbeltagi and Agag <sup>(31)</sup>, Kwarteng *et al.*, <sup>(60)</sup>, Munnukka <sup>(70)</sup>, Nguyen and Nguyen <sup>(71)</sup>, and Ofori and Appiah-Nimo <sup>(73)</sup>).

### Data collection method and tool

This study employed an online survey of a sample of Palestinian online shoppers; as this approach for data collection can be more effective for identifying and reaching online shoppers <sup>(44)</sup> <sup>(31)</sup>, and offers a more efficient and convenient form of data collection <sup>(8)</sup>.

The survey was conducted by administering an online questionnaire to gather data on the research variables and respondents' characteristics using scales of constructs' measurement as detailed in Table II (Appendix 1). The data collection was limited to consumers with real online shopping experience by asking respondents a verification question before they start filling the questionnaire, which was as follows: Have you ever shopped online from online retailers such as eBay, Ali express, Amazon Marketplace for your personal or family uses during the last year?

However, some questionnaires were not considered in analysis as some consumers decided to take part in the survey based on their information about the topic rather than based on their real experience with online shopping as well as complete questionnaires were considered. The later procedure is consisting with Chen and Chen <sup>(21)</sup>, in that respondents with no real online shopping experience were removed from sampling.

However, before starting the full data collection process, the questionnaire was translated into Arabic to fit with the respondents' native language and then translated back into English. Thereafter it was pretested with a small group of online shoppers to determine if it contained any mistakes and to ensure that the instructions were complete and

understandable. Some justifications and improvements were then made making the questionnaire more relevant to the purpose of the research.

The survey instrument contained a short introduction which briefed respondents on the overall purpose of the study and some guiding instructions to enhance valid responses related to their online purchasing experience for semi-durable consumer goods. The number of usable questionnaires that have been obtained was 466. The sample of this study encompasses a wide spectrum of respondents in terms of their age, gender, level of education, level of family income and the frequency of online purchasing.

### Results

The completion of the data collection process, data analysis was conducted using different statistical techniques including multiple regression to test the effect of IV's on the DV by regression equations. Also, other descriptive statistics have been used to describe research variables as well as the demographics of the research sample. For reliability and validity measurement of the variables, factor analysis and reliability tests were conducted before subjecting the data to inferential statistics. This section presents and discusses results of the research data analysis as follows:

#### Respondents demographic profile

A total of 466 usable questionnaires were collected and subjected to statistical

Analysis using SPSS. Questionnaires were collected through a web survey techniques and convenience sampling procedures, and were with no missing values due the strict fill in instructions and e-form filling requirements.

Table III illustrates the demographic profile of the 466 respondents who participated in the research survey.

**Table 2:** Respondents demographics

Sample demographics	Frequency	Percentage	Cumulative (%)
<b>Age</b>			
Under 24 years of age	128	27.5	27.5
25-34 years	163	35	62.4
35-49 years	115	24.7	87.1
Over 50 years of age	60	12.9	100
<b>Gender</b>			
Male	283	60.7	60.7
Female	183	39.3	100
<b>Average monthly income</b>			
Less than 500 JD	64	13.7	13.7
500–1000 JD	105	22.5	36.3
1000–1500 JD	202	43.3	79.6
More than1500 JD	95	20.4	100
<b>Education</b>			

Below general secondary education	25	5.4	5.4
General secondary education	85	18.2	23.6
Vocational diploma	81	17.4	41
Undergraduate education	231	49.6	90.6
Post-graduate education	44	9.4	100
<b>Profession</b>			
Senior position	73	15.7	15.7
Worker	107	23	38.6
Retiree	29	6.2	44.8
Public servant	126	27	71.9
Student	101	21.7	93.6
Other	30	6.4	100
Frequency of online purchase in the last year			
Only once	101	21.7	21.7
2-3 times	143	30.7	52.4
4-6 times	130	27.9	80.3
7-9 times	55	11.8	92.1
More than 10 times	37	7.9	100

Notes: n=466

### Data normality and linearity assessment

Data normality and linearity are important assumptions of multivariate analysis, and thus, should be fulfilled before subjecting the research data to multiple regression <sup>(47) (100)</sup>.

**Normality** denotes to the shape of the distribution of data for individual metric variable and its correspondence to the normal distribution of the benchmark for statistical methods <sup>(47)</sup>. Therefore, the assumption of normality can be examined by looking at the shape of data distribution graphically <sup>(99)</sup>. Following this technique, the data collected in the present study have followed the normal pattern since all the bars on the histogram were close to a normal curve as the bell shaped symmetric curve is observed by having maximum scores in middle and lesser at edges. Therefore, normality assumptions were not violated in the present study.

**Linearity** of relationship as an assumption in multiple regressions was used to denote the degree to which the change in the dependent variable was related to the independent variable <sup>(47) (100)</sup>. Linearity of data could be tested by examination of scatter plots or linearity residual plot <sup>(46) (76)</sup>. In normal P-P plots, the standardized residuals are compared with normal distribution represented by straight diagonal line. Figure II shows the normal P-P plot of regression standardized residual of this research. A 45° diagonal line represents the normal probability line. The dots represent the data collected could be considered as normally distributed for a sample n = 466 derived from the normal population. The data by this means satisfied the linearity assumption of multiple regressions.

Normal P-P Plot of Regression Standardized Residual  
Dependent Variable: Price sensitivity

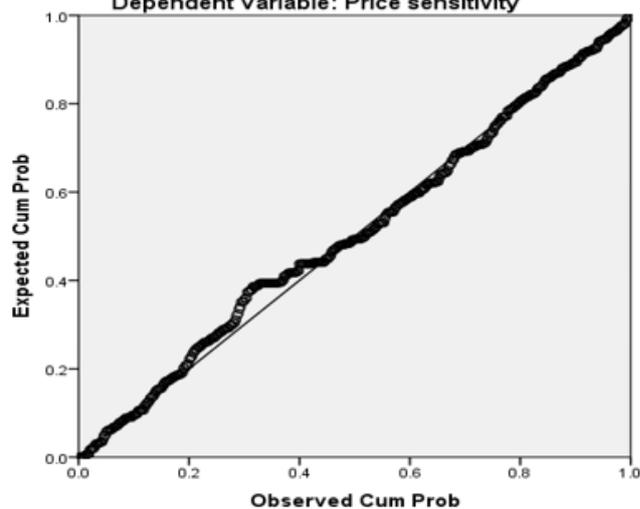


Figure 2. Normal P-P plot of regression standardized residual

### Descriptive statistics, reliability and validity of the scale of measurement

#### Descriptive statistics and reliability test

Scale's reliability was assessed by internal consistency reliability through Cronbach's Alpha test. Table IV shows the Cronbach's alpha values for the independent and dependent variables in this research. The values are ranging from 0.742 to 0.852. Therefore, the measurement scale used in this study is reliably internally consistent as an alpha of 0.7 is generally accepted as having high reliability <sup>(40) (90)</sup>. Table IV also shows the mean values, standard deviations of the research variables. Mean scores of all variables ranged from 3.658 to 4.022. For the independent variables, awareness about dynamic pricing yielded the highest mean (4.022), followed by perceived symmetric price information (3.990), the

consumer awareness of retailers accountability (3.924), perceived price transparency (3.866), price comparison websites' perceptions (3.658), and lastly the mean value for the dependent variable, consumers price sensitivity (3.738). Since all variables yielded mean value greater than scale mean value (3), it can be concluded that the respondents are positively perceiving the research variables which is favorably consists with the research theoretical base.

**Table 4.** Descriptive statistics and reliability of variables

Variables	Mean (n = 466)	SD	Cronbach's alpha
PS	3.738	1.105	0.852
ADP	4.022	1.027	0.836
PSPI	3.990	1.169	0.842
PPT	3.866	1.038	0.776
PCWPs	3.658	1.075	0.766
ARA	3.924	0.942	0.742

**Validity test**

A factors analysis was conducted to test the study constructs validity. The decision was based on the results of the sufficiency and suitability test of data for the execution of factor analysis of the research constructs. Therefore, KMO and Bartlett's Test of Sphericity was conducted for the research constructs. The results show (see Table. V) that data are suitable to execute factor analysis as the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (0.887) which is meritorious as it is between 0.80 to 0.89, and

Bartlett's Test of Sphericity (statistically significant at  $p = 0.000$ ; smaller than significance level 0.05, with an approximate Chi-Square value of 6972.973, and a degree of freedom of 276 indicating that correlation matrix possesses significant information.

**Table 3.** Kaiser-Meyer-Olkin (KMO) Test for Sampling Adequacy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.887
Bartlett's Test of Sphericity	Approx. Chi-Square	6972.973
	df	276
	Sig.	.000

Accordingly, then, all of the study constructs items were subjected to principal component analysis to come up with the research factors, testing the unidimensionality of the constructs and eliminating poorly loaded items subsequently. Table VI shows results of factors identified by the principal component factor analysis and eigen values for scale items. The rotated component matrix showed that construct items loaded smoothly on factors, as multidimensionality had been eliminated by excluding some items from the analysis.

Convergent validity was noticed as construct items were loaded on factors; percentages of factor loadings were above 50 per cent. Discriminant validity was assessed through a factor transformation matrix, which showed that collation coefficient for any pair of factors was less than 80 per cent.

**Table 5.** Results of Factorial analysis

Variables	No. of items	Factor loadings	Eigen-value	Percentage of Variance Explained
Awareness about dynamic Pricing (ADP)	3	0.853 0.876 0.875	3.122	13.009
Perceived symmetric price information (PSPI)	3	0.912 0.837 0.873	3.119	12.997
Perceived price transparency (PPT)	4	0.792 0.789 0.727 0.788	2.968	12.365
Price comparison websites' perceptions (PCWPs)	4	0.814 0.844 0.695 0.709	2.306	9.609
Consumer awareness of retailers accountability (ARA)	5	0.644 0.704 0.792 0.819 0.506	2.029	8.453

\*Note: Cumulative Percentage Rotation Sums of Squared Loadings = 69.885

Table VII presents the results of bivariate correlation analysis (a two-tail test at 0.01 significance level) between the independent and dependent variables

reveals that there are positive relationships among dependent variable and the independent variables.

**Table 6.** Pearson correlation coefficient matrix

Variables	PS	ADP	PSPI	PPT	PCWPs	ARA
PS	1.000					
ADP	0.476**	1.000				
PSPI	0.665**	0.365**	1.000			
PPT	0.579**	0.264**	0.592**	1.000		
PCWPs	0.684**	0.434**	0.514**	0.580**	1.000	
ARA	0.622**	0.541**	0.519**	0.546**	0.612**	1.000

**Regression analysis results**

Regression analysis was conducted with online consumers price sensitivity as the dependent variable and aspects of online retailing prices (awareness about dynamic pricing, perceived symmetric price information, perceived price transparency, price comparison websites' perceptions, and consumer awareness of retailers' accountability) as independent variables. Table VIII, shows the model summary of multiple regression analysis, the results show that the research model is significant at  $p < 0.05$  level,  $R = 79.8$  percent,  $R^2 = 63.6$  percent and the adjusted  $R^2 = 63.6$  percent. This means that 63.6 per cent of the variation in Y could be explained by all five predictors.

**Table 7.** Model summary of multiple regression analysis

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE of the estimate
1	0.798	0.636	0.632	0.670
F = 331.219; p = 0.000 (p < 0.05)				

**Notes:** Predictors: (constant), ADP, PSPI, PPT, PCWPs, ARA; dependent variable – PS; let Y – price sensitivity (PS); X – consumers' awareness about dynamic pricing (ADP), perceived symmetric product price information (PSPI), perceived price transparency (PT), price comparison websites' perceptions (PCWPs), awareness of retailers' accountability (ARA)

Table IX, shows the collinearity statistics, regression coefficients of predictors and  $p$ -values and other statistic for the research hypotheses

testing. Beta values are also included in the table, indicating the explanatory power of variables. The variance inflation factors (VIFs) were computed for each predictor in the model to assess whether multicollinearity exists in the research sample. However, VIF statistics were less than the cut off value of 10, and the tolerance statistics were all well above 0.2; therefore, the data are free from multicollinearity and within the normal level.

Based on the results of regression analysis,  $p$ -value of the consumers' awareness about dynamic pricing ( $p = 0.001$ ) is less than  $\alpha = 0.05$ . Therefore, the first hypothesis is supported in that consumers' awareness about dynamic pricing is significantly reducing consumers' price sensitivity. Perceived symmetric product price information is significantly reducing consumers price sensitivity ( $p = 0.000, \leq 0.05$ ). Thus, the second hypothesis is supported. Perceived retail's price transparency is also found to be significantly lowering consumers price sensitivity ( $p = 0.031, \leq 0.05$ ). Therefore, the third hypothesis is supported. Price comparison websites' perceptions predictor is also significantly lowering consumers price sensitivity ( $p = 0.000, \leq 0.05$ ). Therefore, the fourth hypothesis is supported. Lastly, analysis results show that consumers' awareness of retailers accountability is significantly reducing consumers price sensitivity ( $p = 0.001, \leq 0.05$ ). Therefore, the fifth hypothesis is supported. Table IX and Table X summarize results of regression for the research hypotheses.

**Table 8.** Results of multiple linear regression analysis and collinearity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.238-	0.158	-1.504-	0.133		
	ADP	0.122	0.037	0.113	3.300	0.001	0.671 1.490

	<b>PSPI</b>	<b>0.314</b>	<b>0.035</b>	<b>0.332</b>	<b>8.922</b>	<b>0.000</b>	<b>0.572</b>	<b>1.750</b>
	<b>PPT</b>	<b>0.090</b>	<b>0.042</b>	<b>0.085</b>	<b>2.163</b>	<b>0.031</b>	<b>0.514</b>	<b>1.947</b>
	<b>PCWs</b>	<b>0.337</b>	<b>0.040</b>	<b>0.328</b>	<b>8.353</b>	<b>0.000</b>	<b>0.512</b>	<b>1.953</b>
	<b>ARA</b>	<b>0.166</b>	<b>0.048</b>	<b>0.141</b>	<b>3.447</b>	<b>0.001</b>	<b>0.471</b>	<b>2.125</b>

a. Dependent Variable: Price sensitivity

**Table 9.** Results of the hypotheses tested

<b>Hypothesis</b>	<b>Description</b>	<b>Outcome</b>
<b>H1</b> <b>(p&lt;0.05)</b>	Consumers' awareness about dynamic pricing will reduce their price sensitivity.	Supported
<b>H2</b> <b>(p&lt;0.05)</b>	Perceived symmetric product price information will reduce consumers' price sensitivity.	Supported
<b>H3</b> <b>(p&lt;0.05)</b>	Perceived retail's price transparency will reduce consumers' price sensitivity.	Supported
<b>H4</b> <b>(p&lt;0.05)</b>	Price comparison websites' perceptions will reduce consumers' price sensitivity.	Supported
<b>H5</b> <b>(p&lt;0.05)</b>	The more consumers are aware that they can hold retailers accountable on their offerings, they can be less price sensitive.	Supported

## Discussion

The results of this research constitute a new model for the consumers' price sensitivity by framing and investigating the different aspects of internet pricing. Such aspects are representing a new environment for price sensitivity, relatively changing the traditional conception about the drivers of price sensitivity, and contributing to the understanding of the price sensitivity, though some aspects are paradoxical. This section of the research discusses the aspects of online retail pricing and their effect on reducing consumer price sensitivity as proven through the results of hypotheses testing as follows:

First, the research found that consumer awareness about dynamic pricing reduces consumers' sensitivity to prices *H1*. While apparently, it may be difficult to find this theoretically sound at first glance, it can be practically justifiable when the mechanism of such pricing system is analyzed within the online context. Dynamic pricing system is traditionally developed to find the highest price that consumers are willing to pay. This form of price discrimination is used to try to maximize revenue based on the willingness to pay of different market segments <sup>(49)</sup>. In addition, this pricing strategy was not to succeed unless it contributed to lowering or finding the less price sensitive consumers. Therefore, understanding the consumer's expectations of a product, and then tailoring pricing segmentation to individual consumers according to consumers' price Sensitivity and their willingness to pay <sup>(106)</sup>. That is, by creating the feeling of "Just -For- You" for consumers who actually or potentially buys the product motivates them to make their purchase

decision. Therefore, and consistent with what was concluded by Ampountolas <sup>(2)</sup>, dynamic pricing yields better only when managed to create different target market segments, which are based on the consumers' 'willingness to pay' (WTP). Moreover, taking into consideration the nature of the online medium and the characteristics of websites can significantly alter the degree of consumer price sensitivity in online markets <sup>(95)</sup>, it can be concluded that much of consumers' price sensitivity depends on their awareness about dynamic pricing. And thus, it more probably reduces consumer price sensitivity rather than the opposite. This is consistent with the conclusion made by Khedlekar and Shukla <sup>(56)</sup> in that the dynamic pricing policy has better performance over the static pricing policy with price.

Second, the results show that perceived symmetric online product price information reduces consumers' price sensitivity *H2*. Generally, in the "brick-and-mortar" model of retailing imperfect information availability or information asymmetry is the norm. Such an asymmetry acts with the same direction of consumers uncertainty associated with their purchase decision making process which increases their price sensitivity. Therefore, it can be concluded that the more information consumers can get the less risky decisions they face. This conclusion, however, is based on the idea that information is existing somewhere, and the challenge is how to access this information. In fact, the internet is exceptionally is closing this information gap. Moreover, internet mechanisms including its applications' and its institutions are forcing prices down reducing buyers search costs, decreasing uncertainty and the associated price sensitivity as a result. This

conclusion is consistent with the prior literature on the topic in that the internet reduces sellers' market power by reducing buyers search costs, due to various search engines, shopping agents, and price comparison site that would ultimately force greater price competition among sellers <sup>(6)</sup>. And that consumer price sensitivity may be a function of available information <sup>(32)</sup>. As such websites can reduce price sensitivity by providing in-depth information (both price and non-price) that is available through a highly interactive interface <sup>(95)</sup>.

Third, the results show that perceived retail's price transparency is reducing consumers' price sensitivity (H3). This result reflects consumers' evaluations of the content of information provided by online retailers. When consumers get to feel they are getting comprehensive, complete, true, and clear information on prices they can themselves make sure that such prices are consistent with social norms. Further discussion and conclusion about this result can be made in conjunction with previous literature. Bertini and Gourville <sup>(7)</sup> found that people may prefer to purchase products from companies that disclose pricing information over those who do not as transparent companies seem more genuine, trustworthy, and reliable. Such perceived price transparency engages customers and builds trust and goodwill among customers <sup>(7)</sup>, and is an integral input to the consumer's perception of fairness <sup>(89) (50)</sup>. Even a firm's price increase is perceived by consumers as more fair when the firm discloses the increase itself as compared to an outside source disclosing it <sup>(35)</sup>. Accordingly, it can be concluded that perceived online retail's price transparency reduces consumers' price sensitivity by enhancing their perception of fairness, building trust based on credibility. This conclusion is consistent with what Erdem *et al.*, <sup>(32)</sup> found in that brand credibility decreases price sensitivity.

Fourth, results show that consumer perceptions of price comparison websites as an online tool allowing them to compare prices from different sources to find the best deal affects their sensitivity to price (H4).

It can be argued here that just providing information alone does not necessarily provide a solid base for the purchase decision making, rather, the content and source of information and their reflections in terms of freedom of choice, variety, buying preferences and feeling smart matters too. This is the essence of this result, in that, consumers who access and use such an avenue (PCWs) feel they can make wise and confident online purchase decisions. Thus, show less price sensitivity compared with consumers who do not access and use PCWs. As PCWs are basically websites (through which both potential and actual online shoppers can compare similar online vendors' product prices and product information by using a one-stop 'eWindow' shopping channel) which uniquely offer price and product attributes of

registered online vendors' sales information to online consumers <sup>(75)</sup>. This result is consistent with previous literature in general where there a consensus on that the use of price comparison websites is acknowledged as an important search information tool, which has strong potential to alter shopping behavior both in the online and offline environment <sup>(13) (15) (75) (79)</sup>.

Fifth, consumers' awareness of their ability to holding e-retailers accountable on their unfair prices or offerings, if they were so, is found to reduce consumers' price sensitivity (H5). The accelerated developments of internet technologies and applications accompanied with more empowered consumers are creating a new era of conscious consumerism allowing consumers to hold online retailers accountable for their prices and offerings. For example, eBay has introduced its PayPal system to overcome consumers concerns (need inhibitors) about trust (will they receive the goods) and the security of financial information <sup>(41)</sup>. This research is limited such vehicles (posting and sharing information about sellers and transactions on product review website and other social media platform) on the feedback information that consumers can use to hold online retailers accountable. In that the online retailers may or may not get contacted by consumers in the future depending on the feedback information provided. Therefore, consumers' awareness and use of product review websites and other social media platforms take accountability further and put it in practice in that consumers are now able to hold on online retailers accountable by digital information-based means. Thus, it can be concluded that when consumers are and able to use such accountability tools, their satisfaction might increase and their reluctance to accept products price is expected to be lowered. This analysis confirms the findings of prior research, e.g., Scholastica *et al.*, <sup>(94)</sup> delved a real connection between customer satisfaction and the reliability or accountability of the online retail business on the platform of social media.

## Conclusion

The results show that consumers' awareness about dynamic pricing, perceived symmetric product price information, perceived retail's price transparency, price comparison websites' perceptions, and awareness of retailer's accountability are strongly reducing consumers price sensitivity.

These results imply that consumers' price sensitivity can be explained with such aspects if internet context is radically different than traditional context of retailing. However, the aspects of internet pricing go beyond internet standard marketing variables such as product attributes, perceived value, and perceived quality. Thus, according to the results of this research, these aspects can be managed to design a winning e-retailing marketing strategy and online pricing strategy. It is true that there is no fixed

formula for success, and eventually much depends on the way online retailer manages such aspects for success. This section of research discusses the pricing and marketing implications for online retailing in conformance with the research findings as follows:

First, online retailers are strongly recommended to adopt dynamic pricing, but once, it should not be employed as just a revenue maximization tool, rather, it should be, as much as, reflective to the market-based variables including market conditions, differences in the costs of serving individual buyers, and variations in the way consumers value the offering brands<sup>(97)</sup>. Therefore, the more accurate market variables are used, specific target market or multiple target markets is more possible, lower price sensitivity and better profit potential are more possible.

The second implication is that online retailers should keep information about their market offerings and prices available timely, accurately, and identical. Furthermore, online retailers need to keep fostering such perception by maintaining and developing the messaging and communications systems with consumers in a way that sustain perceived symmetric online product price information while, of course, without violating consumers' privacy. For this purpose, online discussion platforms such as internet forum, or message board, blog pages, and other sorts of social media platforms may be helpful to publicly discuss price related information.

The third implication is related to the effect of perceived transparency of price on consumers' price sensitivity. It is evident that consumers are increasingly perceiving global online retailers as providing price transparent information. This result strongly indicates that both consumers and global online retailers are becoming more able to share information about quoted prices in a clear and comprehensive way. The secret word here, however, is "honesty". By being transparent with consumers about costs and resulting prices, honestly disclosing changes or price increases, price fairness perception, credibility and trust are expected on the consumer side. Thus, online retailers can dampen the consumers' sensitivity to the price-by-price transparency.

The fourth implication is related to the effect of price comparison websites' perceptions on consumers' price sensitivity. This result emulates the need for online retailers to pay attention for the new paradigm of consumer decision making process characterized with consumer-to-consumer communications as a source of information, as well as the need to contribute to the availability of information. Working on an ongoing basis to ensure their information are consistent, comprehensive, and accurate as consumers are capable more than ever to access information from different "third party" venues. Online retailers also need not to be threatened by

such reality, on the contrary, the need to faster this consumer reality, base their competitive advantage on consumers knowledge to be able to develop and prosper in the wake of sever online competition.

The Fifth implication is related to the consumers increasing ability to hold retailers accountable on their prices and other practices and the effect of this ability on their sensitivity to price. Accordingly, it can be concluded that consumers are becoming more empowered due to their awareness and use of different internet technologies and applications. And thus, they rely on this awareness to hold retailers accountable on their practices including the price if they felt that the price was unfair or if they feel they were cheated in general. However, this conclusion is entailing online retailers to react in two ways too, first, they need to be smart enough and basically avoid pricing practices that might be misunderstood by consumers. Second, provide consumers with a venue for their feedback on products they purchased. By opening up the opportunity for consumers to frankly provide their feedback to the retailers, in addition to avoiding being publicly accountable, retailers obtain the opportunity to strengthen the relationship with consumers, increasing their satisfaction and keep them loyal. Furthermore, online retailers need to be watchful of such websites, viewing them as a source of information for improving customer service rather than a threat.

### **Theoretical contribution**

The research findings contribute to existing knowledge on price sensitivity in that this research is theoretically conceptualizes and empirically tests a model of online consumer sensitivity to prices. The contribution lies not only in testing such a sensitivity online but also in constructs which are together constituting strategic framework for e-retailing marketing strategy and online pricing in particular. Explaining price sensitivity through such information and digital technology-based factors contributes to practicality of understanding and influencing price sensitivity as a dynamic phenomenon in away better than using fixed and traditional retailing trade ("brick-and-mortar") factors. Though, in some places in this research, the mechanism of association between some of these factors and consumers price sensitivity were paradoxical compared with prior research, such as consumers online price sensitivity in general, and information availability in particular, while the existing paradigms say that information availability increases price sensitivity, this research proves the opposite as the context and processes of online exchanges are different. Thus, theoretically and practically supporting the current research unique contribution

### **Limitations and future research directions**

Though, the research could come up with specific findings through validated data collection procedures

and data analysis techniques, there are some limitations to this work and future research directions subsequently as follows:

Data were collected through subjective measures representing online consumers' points of view. The research is based on data about global famous retailers while sampling elements (respondents) were Palestinians as the data collection process was web-based using Google Forms Software supported with some of local email lists, blogs and other social media platforms in reaching respondents. This geographic limitation as well as the use of a convenience sample have limited the generalizability of the research findings.

### Future research directions

Though it is difficult to take a probabilistic random representative sample for such types of research but some practical identification and classification of online shoppers are still needed and should be taken into account for future research.

Future research work is also suggested to test how the effect of the aspects of internet pricing on price sensitivity might be moderated by consumers online shopping expertise, demographic characteristics, and size of online retailers. Lastly, comparative research efforts between the different types of retailers on same factors within same class of online retailing are also recommended.

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## Appendix 1

Table 10. Variables and Measurements

Variables	Measures	Adapted from
Consumers price sensitivity	<ol style="list-style-type: none"> <li>1. I know that newer online product is likely to be more expensive than older one, but that doesn't matter to me.</li> <li>2. I am willing to buy online product if I think that it will be high in price.</li> <li>3. I don't mind paying more to try out a new brand of an online product.</li> <li>4. In general, the price or cost of new online product is important to me.</li> <li>5. Really good online product is worth paying a lot of money for.</li> </ol>	Goldsmith & Newell (1997); Goldsmith et al., (2010)
Awareness about dynamic Pricing	<ol style="list-style-type: none"> <li>6. I am aware that the shopping websites collect personal information through browser cookies.</li> <li>7. I am aware that the shopping websites use the information collected for personalized product recommendations and advertisements.</li> <li>8. I am aware that the shopping websites use the information collected for making changes in the price of the products.</li> </ol>	Victor et al., (2018)
Perceived symmetric price information	<ol style="list-style-type: none"> <li>1. Compared with other buyers, I get identical product price information over the internet.</li> <li>2. Compared with other buyers, I get accurate product price information over the internet.</li> <li>3. Compared with other buyers, I get timely product price information over the internet.</li> </ol>	Fornell (1992); Novak et al., (2000); Lim & Dubinsky (2004); Smith (2007); Vasić et al., (2019);
Perceived price transparency	<ol style="list-style-type: none"> <li>1. I believe information on online prices is comprehensive.</li> <li>2. I believe information on online prices is complete.</li> <li>3. I believe Information on online prices is true.</li> <li>4. I believe Information on online prices is clear.</li> </ol>	Matzler et al., (2006); Rothenberger (2015).
Price comparison websites' perceptions	<ol style="list-style-type: none"> <li>5. I think price comparison websites' (PCWs) give me freedom of choice.</li> <li>6. To get variety, it is good to use PCWs.</li> <li>7. I can easily switch my buying preferences with PCWs.</li> <li>8. PCWs promote the interest of consumers by making us smart consumers.</li> </ol>	Gentry & Calantone (2002); Park & Gretzel (2010); Osakwe & Chovancová (2015)

<p>The consumer awareness of retailers accountability</p>	<p>9. I may provide feedback/review at a product review websites or any other social media platforms.</p> <p>10. I think product review websites and social media platforms are a good platform to provide information about the venders and products.</p> <p>11. I may tell others about my experience with the product through product review websites or any other social media platforms.</p> <p>12. I think product review websites and social media platforms are important for consumers.</p> <p>13. I see product review websites and social media platforms are good platforms to voice my complaints.</p>	<p>Gentry &amp; Calantone (2002); Bailey (2005); Lee et al., (a2011); Osakwe &amp; Chovancová (2015); Kwarteng et al., (2020); Scholastica et al., (2020).</p>
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# تأثير جوانب أسعار تجارة التجزئة الإلكترونية في حساسية المستهلكين السعرية: دراسة تحليلية لعينة من المتسوقين عبر الإنترنت في فلسطين

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## الملخص:

يهدف البحث إلى التحقق من تأثير مجموعة من جوانب أسعار البيع بالتجزئة عبر الإنترنت في حساسية المستهلكين السعرية. وتشتمل جوانب التسعير عبر الإنترنت على وعي المستهلكين بالتسعير الديناميكي، والتماثل المدرك للمعلومات السعرية، وشفافية أسعار التجزئة المدركة، ومواقع المقارنات السعرية الإلكترونية، وعملية مساءلة بائع التجزئة، والتي تم افتراضها كأسباب محتملة لتقليل حساسيات المستهلكين السعرية في نطاق الإنترنت. وقد استخدمت هذه الدراسة الأسلوب المسحي الإلكتروني عبر الإنترنت لعينة ملائمة اشتملت على (466) مستهلكاً فلسطينياً ممن يسوقون عبر الإنترنت لشراء سلع استهلاكية شبه معمرة من بائعي التجزئة/ مواقع الإنترنت العالمية الشهيرة. وتم إجراء تحليل البيانات باستخدام أساليب إحصائية مختلفة، بما في ذلك الانحدار الخطي المتعدد لاختبار فرضيات البحث. وأظهرت النتائج أن نموذج الانحدار المتعدد للبحث ذي دلالة إحصائية، ويقدم دليلاً داعماً لفرضيات البحث. وتساهم نتائج البحث في الأدبيات الموجودة حول الحساسية السعرية، كون البحث قد جسّد نظرياً، ويختبر تجريبياً أنموذجاً يضم جوانب أسعار البيع بالتجزئة عبر الإنترنت وحساسية المستهلك السعرية.

**الكلمات المفتاحية:** البيع بالتجزئة عبر الإنترنت، حساسية المستهلكين السعرية، التسعير الديناميكي، التماثل المدرك للمعلومات، شفافية الأسعار المدركة، مواقع المقارنات السعرية الإلكترونية، مساءلة بائع التجزئة.