

"It's Only Fair When I Get a Good Price": The Effectiveness of Range Pricing Strategy Depends on the Purchase Price

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Range pricing is increasingly common

When does it work and when does it backfire?



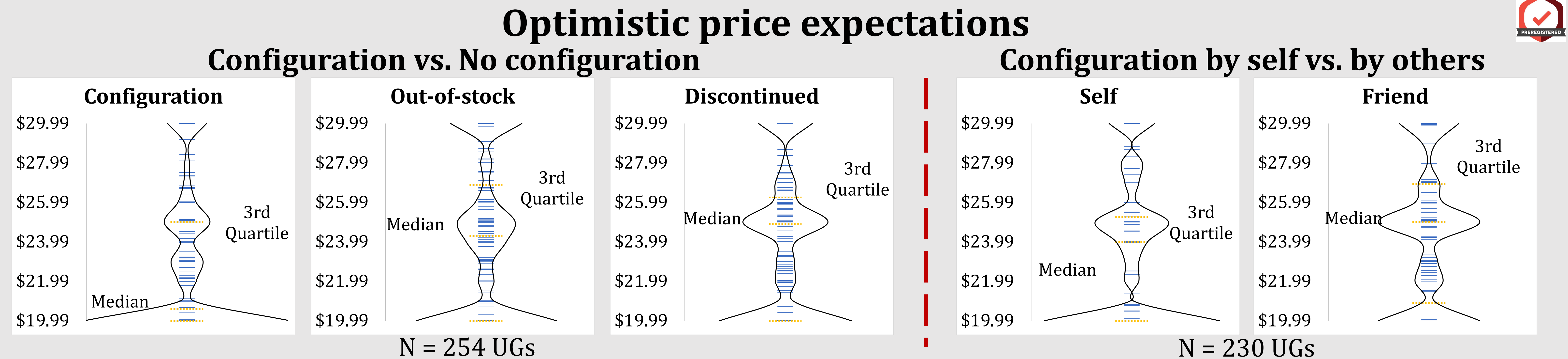
Characteristics of Range Pricing

- Two end points: **low & high**
- Purchase price is **unknown until configuration**

Configuration Process

- gives **illusory sense of control** over the purchase price (Langer 1975)
- makes consumers more **optimistic** (Goodman and Irwin 2006) and more likely to **believe that they will obtain lower prices** (Dunn and Wilson 2000)

H1: Range pricing leads to **optimistic price expectations**, especially when consumers configure options for themselves



H2: **Range** (vs. regular) **pricing** makes the same **high price** feel **unfair** and unattractive

H3: **unless** high price is **justified**

