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An Examination of Sport Ticket Price Acceptability and Surcharge Transparency in Partitioned Pricing

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AN EXAMINATION OF SPORT TICKET PRICE ACCEPTABILITY AND SURCHARGE TRANSPARENCY IN PARTITIONED PRICING

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DEDICATION

I dedicate my dissertation work to my father, Jongjik Won, and my mother, Dohyun Kim, whose support and encouragement have always been a great motivation throughout my academic journey. This dissertation is also dedicated to my one and only brother, Juyeon Won, and my sister-in-law, Yeunjoo Park, whose endless compliments and support have kept me stay strong throughout the process. Without my family, I am not the one who I am today. Thank you for always making me see the bright side.

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ABSTRACT

There has been a recent price policy change in the sport industry that ticket resale companies attempted to reveal any additional fees upfront to increase price transparency and protect consumers in the marketplace. This policy change was announced in early 2020 (Thompson, 2020). However, as the coronavirus outbreak affected live events to be canceled, become virtual, or have a limited facility capacity (Apstein, 2020; Perry, 2020), it disabled the resale companies to see consumer responses to their policy change that may increase or decrease ticket revenues. In addition, charging additional fees to the ticket face value is a form of partitioned pricing and drip pricing, which contains two price components: a base price and surcharges (Burman & Biswas, 2007; Morwitz et al., 1998). This means that purchase decisions may vary depending on whether the base price or the total cost of tickets is below (or above) the price range individuals consider acceptable. This makes an examination of price acceptability within partitioned pricing and drip pricing imperative in terms of understanding consumer purchase decisions. Therefore, this particular study aimed to disclose consumer perceptions (i.e., surcharge sensitivity, surcharge acceptability, surcharge skepticism) and purchase behaviors (i.e., search intention, purchase intention) regarding surcharge transparency.

An experimental between-participants design with four groups (no fees vs. transparent fees vs. a notification of fees vs. hidden fees) was used to manipulate surcharge transparency that is currently employed on the secondary market by various companies. An online survey was developed on Qualtrics, and data from a total of 547

participants was collected on Amazon Mechanical Turk. The author employed four multivariate analyses of covariances for data analysis.

This study found that, first, when ticket prices are below individuals' acceptable price, they have high intention to purchase the ticket. The opposing result occurred when ticket prices exceed individuals' threshold. However, consumers consistently have high search intention regardless of price acceptability. Second, due to sport consumers' acknowledgment that additional surcharges are added to ticket prices when purchasing them on the secondary market, the way surcharges are presented does not vary their surcharge perceptions. Rather, the size of surcharges (e.g., $2.50 vs. 25% of the base price) differs surcharge perceptions. The acknowledgement of estimated fees on the secondary market makes the effects of surcharge transparency insignificant on purchase behavior as well as the moderating impacts of surcharge perceptions.

This study makes contributions to the PP literature and the sport consumer behavior literature. The findings contribute to providing a comprehensive understanding of consumer behavior with two common surcharges in live ticket purchases. This study particularly advances the literature with fundamental moderators (e.g., price acceptability, surcharge transparency) and essential outcome variables (e.g., search intention, purchase intention) within the context of sports. In addition, the present study is guided by attribution theory (Heider, 1958; Kelley & Michela, 1980); i.e., sport consumers acknowledge that surcharges exist in order to provide the ticketing service for consumers and to generate revenues for organizations. This attribution neutralizes the effects of PP on the secondary market. From the managerial standpoint, the findings of this study provide resale companies with effective price presentation styles. In order to

enhance sales revenue, companies are recommended to employ all-inclusive pricing (no price breakdowns). However, companies should ensure they clearly communicate any fees that are included in the total price in order to increase price transparency.

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LIST OF ABBREVIATIONS

AIP ..... All-inclusive Pricing

ANOVA ..... Analysis of Variance

DP ..... Drip Pricing

DTP ..... Dynamic Ticket Pricing

DV ..... Dependent Variable

IV ..... Independent Variable

MANCOVA ..... Multivariate Analysis of Covariance

MLB ..... Major League Baseball

MTurk ..... Amazon Mechanical Turk

NBA ..... National Basketball Association

NHL ..... National Hockey League

PP ..... Partitioned Pricing

VTP ..... Variable Ticket Pricing

CHAPTER 1

INTRODUCTION

As one of the profitable pricing methods, various industries (e.g., hotels, airlines, banks, sports) employ partitioned pricing (PP) or drip pricing (DP) (Ahmetoglu et al., 2014; Greenleaf et al., 2016). PP is the business practice of dividing a price of a product into two or more mandatory components (i.e., a base price and a surcharge) in order to achieve financial goals (Burman & Biswas, 2007; Morwitz et al., 1998; Voester et al., 2017). Similarly, DP also segments a total price of a product into a base price and surcharges that are either mandatory or optional (Ahmetoglu et al., 2014). Due to similarities between PP and DP, when PP is mentioned in this study, it contains both characteristics of PP and DP. The use of PP has generated considerable revenue for businesses (Aiello, 2018; Mandelbaum, 2020; Pisani, 2017). For instance, according to the Public Interest Research Group (Pisani, 2017), overdraft fees charged in the banking industry made up an average 8.1% of net income from January to September in 2016. An increase of an administrative fee from 76 cents to $1.99 enabled AT&T to generate an additional $800 million in revenue per year (Aiello, 2018). Resort fees charged for hotel bookings accounted for 7.2% of room revenue or 3.6% of total revenue for resort hotels in 2018 (Mandelbaum, 2020).

The ubiquitous use of PP can be found in ticket purchases for sporting events or live entertainment events. With the ticket purchases, secondary ticket market platforms commonly use PP to generate profits by charging various mandatory fees (i.e., service

fee, order processing fee, convenience fee) on top of the base price of a ticket (Smith, 2015; Thompson, 2020). Although charging additional fees may help these resale companies increases sales revenues (Smith, 2015), it is important to note how consumers behave to product prices in general to minimize negative effects. When consumers make purchases, payments are considered a financial loss (Dodds et al., 1991; Kahneman & Tversky, 1979). Thus, price plays a pivotal role in influencing purchase behavior (Kopalle et al., 2009; Watanabe & Soebbing, 2017) and serves as an important indicator of purchase intentions (Dodds et al., 1991; Kahneman & Tversky, 1979). For instance, a sport ticket sold at $100 is perceived as a larger sacrifice than a ticket sold at $75, which reduces purchase intentions (Dodds et al., 1991).

Understanding consumer responses to partitioned ticket prices on the secondary market is particularly imperative because ticket sales have become an essential part of a sport franchise (Irwin et al., 2008), as it is a significant driver of organizational revenue (Drayer, Rascher, & McEvoy, 2012; Pierce et al., 2017; Rascher et al., 2007). Ticket pricing has a substantial impact on sales, which further influences in-stadium sponsorship packages, concession and merchandise revenue, media broadcasting rights, and the likelihood of signing free agents to the franchise (Kadlecek & Hampsten, 2013). Hence, pricing strategy and consumer response to this strategy are important for both practitioners and scholars to better understand consumer behavior and find an optimal pricing strategy (Mullin et al., 2014). Thus, a thorough analysis of consumer responses to ticket pricing is vital to help elevate ticket sales as well as other revenue streams.

Moreover, the importance of examining the effects of ticket purchases through resale markets comes from the partnerships between sport leagues (and/or teams) and

secondary market firms, which legitimizes the resale of tickets (Shapiro & Drayer, 2012). In addition to these partnerships, the convenience of the online or mobile ticketing process for the purchase and resale of the tickets has helped the secondary ticket market thrive (Courty & Davey, 2020; Drayer & Shapiro, 2011; Dwyer et al., 2013). Hence, with the legitimate ticket purchase and resale on the secondary market for sports, concerts, and performing arts, the expected market size is projected to be $2.8 billion by 2026, which was previously reported as $1.5 billion in 2016 (360 Research Report, 2020). This growth of the secondary market can also help sport franchises satisfy their fans' need for easy and instant ticket purchases (Marquez et al., 2020). This fact makes an investigation of consumer responses to PP on the secondary market fundamental for both resale companies and sport franchises.

With PP strategies, the base price is more noticeable in most cases where sellers show only the base price initially and reveal the surcharges at the final stage of checkout (Chakravarti et al., 2002). This strategy creates the perception that the total price is less expensive compared to all-inclusive pricing (AIP), which is defined as a pricing strategy that includes all price components in one price (Chakravarti et al., 2002; Hamilton & Srivastava, 2008). Thus, PP has been shown to enhance purchase intention (Bambauer & Gierl, 2008; Chakravarti et al., 2002; Morwitz et al., 1998; Xia & Monroe, 2004). However, the effectiveness of PP decreases in certain situations when consumers become skeptical of the price and are aware of the surcharges, by negatively influencing purchase intention (Carlson & Weathers, 2008; Cheema, 2008; Choi et al., 2019; Schindler et al., 2005).

1.1 STATEMENT OF THE PROBLEM

Unlike tickets purchased through sport franchises, ticket purchases completed on the secondary market engender concerns that consumers seldomly have with sport franchises (Harrington, 2020; Lunny, 2019). First, having various ticket seller types (e.g., ticket holders, ticket brokers, scalpers) on the resale markets enables to scalp ticket buyers with ticket prices, in particular for high demand events (Lunny, 2019). Second, an issue of a refund policy on the secondary market angers consumers to blame the resale companies not the sport franchises, although the events that tickets are purchased are performed by the teams (Harrington, 2020). In addition, while sport consumers have personal associations with a particular sport team (i.e., being a die-hard fan) (Trail et al., 2003), they lack the associations with the resale companies. The absence of attachment may easily generate a negative feeling with price information on the secondary market. Therefore, it makes an examination of ticket purchases on the resale market crucial to understand consumer behaviors, as the market is projected to continue growing (Lunny, 2019; 360 Research Report, 2020) and easily generates negative emotions among consumers (Harrington, 2020).

Additionally, despite its profitability, PP could be viewed as an unethical business practice due to hidden surcharges, when considering consumer rights in the marketplace (Mohammed, 2019). Consumer Protection Law protects consumers from unethical and careless actions (Federal Trade Commission, n.d.). Based on these protections, consumers have sued some companies who employ PP (Brodkin, 2019). For instance, consumers sued AT&T for deceiving them by not disclosing a $1.99 monthly administration fee in its advertising (Brodkin, 2019). Due to the use of PP, resale

platforms such as StubHub and Ticketmaster (a platform for both primary and secondary market tickets) have received consumer complaints about hidden fees (e.g., service fees) (Smith, 2015; Thompson, 2020). For instance, Ticketmaster faced a lawsuit over secretly charging ticket purchasers order processing fees and delivery fees which primarily benefit Ticketmaster (Trakin, 2014). In response to the lawsuit, Ticketmaster released over $40 million worth of free tickets to its users (Victor, 2016).

Because of consumer complaints on pricing, resale companies have switched their pricing strategies over time to increase sales revenues by adjusting customer feedback. For instance, StubHub previously employed an AIP strategy (Brown, 2014). StubHub's AIP policy increased consumer complaints that this practice caused confusion when comparing ticket prices with other providers who used PP (Thompson, 2020). Partitioned tickets appear to be less expensive compared to AIP because of the primary focus on a base price and the lower total cost recall (Lee et al., 2014). Due to confusion with AIP, StubHub's sales revenue decreased by 20% (Smith, 2015). To reduce confusion and increase sales revenue, StubHub switched its pricing policy to allow consumers to choose between PP or AIP when searching ticket prices (Smith, 2015).

However, as PP can be considered as an unethical practice, a federal mandate was levied to disclose all price components upfront at the end of 2019 (Thompson, 2020). A couple of secondary ticket companies (StubHub, Ticketmaster, and AXS) announced to abide by the federal mandate and to reduce consumer complaints (Thompson, 2020). Therefore, as a response to the federal mandate, Ticketmaster provides a base price of a ticket and a notice explaining there are additional fees, without providing those fees up front. StubHub allows users to choose their preferences on seeing all estimated fees first

hand or seeing only base prices. Therefore, as a form of PP, three transparency tools currently have been applied in the secondary market prior to the checkout page: (a) revealing all additional fees along with a base price of tickets; (b) notifying customers there are some additional fees without providing the exact amount; and (c) disclosing the fees only at the final stage of the checkout process.

Despite this strategic change, there are a number of unknown factors driving consumer complaints about hidden fees, including (a) whether the complaints arise from hidden surcharges or other factors (e.g., price sensitivity, surcharge acceptability); (b) the impact of disclosing fees upfront; and (c) whether transparent surcharges reduce complaints, diminish the likelihood of searching for a better price, and increase purchase intentions compared to hidden fees. Therefore, further examination is warranted to understand consumer behavior towards price transparency within PP in response to recent changes in the secondary ticket marketplace. Scholars claim hidden surcharges increase consumer demand for a PP offer as consumers see only a base price which is lower than a sum of a base price and surcharges (Abraham & Hamilton, 2018; Morwitz et al., 1998). However, the comparison between transparent and hidden surcharges has not been studied within the context of sports. Scholars used either transparent or hidden surcharges instead of both strategies (Won & Shapiro, in press-a). Thus, it is unknown whether the recent change in the secondary market to protect consumers from hidden surcharges and/or increased total price will influence ticket sales revenues. Hence, it is imperative to acknowledge the importance of an examination on consumer responses to transparent versus hidden surcharges in the ticket purchases that make concurrent changes in price policy on the secondary ticket markets.

In particular, despite the prevalence of PP practices and accompanying legal considerations in the ticket resale market, little is known about consumer attitudes toward PP within the context of sports. Among the few PP studies in sports, the effectiveness of PP is contradictory (Greenhalgh & Drayer, 2020; Marquez et al., 2020; Won & Shapiro, in press-a). For instance, sport consumers have a higher intention to pay for a sustainability surcharge to implement environmental features within a sport stadium (Greenhalgh & Drayer, 2020). Sport consumers are willing to pay an extra convenience fee on mobile ticketing due to the ease and usefulness of purchasing tickets through mobile ticketing (Marquez et al., 2020). This favorability to PP may be driven by the fact that surcharges provide benefits (Abraham & Hamilton, 2018; Bertini & Wathieu, 2008). However, sport consumers perceive AIP as more attractive and have higher purchase intention towards AIP over PP when surcharges consist 35% of the total cost, although they are highly familiar with PP and total amounts are equivalent between AIP and PP (Won & Shapiro, in press). The scholars proposed that individuals may be price sensitive to the base price (or surcharge) of the tickets but lacked sufficient examination on the role price sensitivity plays in consumer behavior (Won & Shapiro, in press). However, due to limited studies on PP within the context of sport, further investigation is warranted to explain differences in purchase behaviors among consumers.

Additionally, it is unknown how individuals make purchase decisions (e.g., search intention, purchase intention) based on a comparison between their acceptable price of a base price and the total price for a sport event ticket. When the total price of a ticket is below the maximum amount that consumers can afford, they consider the price as acceptable and are likely to purchase the ticket (Ariely et al., 2003; Guiltinan, 1987;

Jedidi & Zhang, 2002). However, in some circumstances, the base price of an event ticket may be reasonable, but the total price of the ticket may exceed a consumer's threshold. In this case, purchase decisions can be ambiguous and extant literature has not investigated the differences of price acceptability regarding a base price and the total price.

Furthermore, competition among resale companies has drastically increased through partnerships between sport franchises and the companies (Shapiro, Dwyer, & Drayer, 2016). The increased competition caused by the proliferation of the secondary ticket market has augmented the likelihood of searching for a cheaper price for event tickets with an equivalent or similar seat (Courty, 2019). Hence, having differences in surcharge transparency may provoke consumer search intentions on the ticket resale market, which is a crucial part of this current study.

1.2 PURPOSE OF STUDY

To provide a comprehensive understanding of consumer behavior towards PP, the current study examined the moderating role of price acceptability in purchase behavior (e.g., search intention, purchase intention) towards PP versus AIP. In addition, this study investigated surcharge perceptions (e.g., surcharge sensitivity, surcharge acceptability, surcharge skepticism) and purchase behavior towards PP in live event tickets where surcharges are presented in various forms (transparent fees vs. a notification of additional fees vs. hidden fees) in the secondary market. The specific focus of this study was three-fold. First, this investigation measured individuals' price acceptability (below/above a base price and/or the total price) and its impact on purchase behavior. Second, this study investigated the role surcharge transparency played on individuals' perceptions of

additional charges as well as purchase behavior. Third, this study examined the influence of surcharge transparency on purchase behavior moderated by surcharge perceptions.

1.3 SIGNIFICANCE OF STUDY

The major significance of this dissertation is related to an examination of PP within the context of sports, which has been underdeveloped. Specifically, this study focuses on essential moderators of PP (price acceptability and surcharge transparency), which not only extends the previous PP literature but the sport pricing literature regarding PP as well. As PP contains two price components (a base price and a total price) (Burman & Biswas, 2007; Morwitz et al., 1998), individuals' purchase decisions may vary depending on whether a base price or a total cost of a product is affordable. Once the price of a product exceeds a person's threshold, purchase intention increases (Ariely et al., 2003; Guiltinan, 1987; Jedidi & Zhang, 2002). However, purchase decisions are unpredictable when an individual's price acceptability exceeds a base price but is below a total cost. That is, it is unknown whether the increased price with surcharges from a base price influences search intention and/or purchase intention. Hence, the examination of price acceptability and purchase behavior in this study provides answers to this ambiguous assumption.

In addition, to the author's best knowledge, this study is the first to investigate various surcharge presentation styles within the context of sports. In particular, as discussed in section 1.1, an examination of surcharge presentation is important due to the change in pricing policy on the secondary market. Thus, this study provides scholars and practitioners with a crucial understanding of consumer responses to different surcharge presentations.

1.4 LIMITATIONS

Despite the significance of this study, it is not without limitations. First, this study was developed and collected data amid a pandemic when sport franchises held games without fans or a limited number of fans on-site. To remove any unwanted impacts of COVID-19 (i.e., getting the virus while attending live events), the author specifically indicated that the scenarios were hypothetical situations participants would envision purchasing MLB game tickets for a future season that would not contain COVID-19 risks. Despite this statement, participants might still consider the current situation with COVID-19 in the sport industry, perceiving the hypothetical transaction as only imaginary. Therefore, this could have influenced participants' behaviors despite the author's effort.

Second, in order to test the proposed hypotheses (see section 2.6), a Major League Baseball (MLB) game was chosen as a research context in this study. Although MLB has been employed in various ticket pricing or secondary market studies (Courty & Davey, 2020; Sweeting, 2012), an investigation of other sport leagues (e.g., the National Football League, the National Basketball Association, the Women's National Basketball Association) and other contexts (e.g., hotel booking, flight booking) may draw disparate outcomes, which could limit the understanding of sport consumers in a holistic view. To extend the generalizability of the findings of this study, future researchers may replicate this study with different research context.

1.5 DELIMITATIONS

A delimitation of this current study is the focus of consumers who demonstrate some levels of association to a sport, league, or team. This group of consumers does not

necessarily represent all individuals who purchase individual event tickets. Consumers who do not highly identify themselves with a sport, athlete, team, or league also occasionally buy event tickets. However, the sampling frame was delimited to sport consumers in order to understand purchase behaviors among frequent ticket buyers to optimize marketing strategy.

A second delimitation is a focus on examining surcharge perceptions and purchase behaviors through surcharge transparency and price acceptability. Various moderators affect consumer behavior towards PP such as the timing of purchase, seller trustworthiness, surcharge format, and the number of surcharges. In response to the recent change in the secondary ticket market that reveals additional fees upfront to protect consumers, surcharge transparency can be considered as the more practical pricing practice that is related to business ethics. Hence, this current research delimited other moderating factors, which provides future research directions to further understand sport consumer behavior.

1.6 CONCEPTUAL DEFINITION OF TERMS

Table 1.1 provides definitions of fundamental constructs and key terms in the current study. The key term, PP, was adapted from Burman and Biswas (2007), Morwitz et al. (1998), and Voester et al. (2017). The evolution of PP definitions over time is explained in section 2.2. DP, a similar term to PP, was adapted from Ahmetoglu et al. (2014). The major differences between PP and DP are addressed in section 2.2. Another key term, AIP was adapted from Chakravarti et al. (2002) and Hamilton and Srivastava (2008).

Two imperative outcome variables in this proposed study are search intention and purchase intention. Search intention was adapted from Lichtenstein et al. (1991) and Xia and Monroe (2004). Purchase intention was adapted from Dodds et al. (1991). The significance of studying these two variables is discussed in section 2.4. Four fundamental constructs which serve as moderators in this study are price acceptability, surcharge acceptability, surcharge sensitivity, and surcharge skepticism. Price acceptability was adapted from Lichtenstein et al. (1988). Surcharge acceptability and surcharge sensitivity were both adapted from Xia and Monroe (2004). Surcharge skepticism was adapted from Schindler et al. (2005).

Table 1.1 *Definitions of Constructs and Key Terms*

Construct/Term	Definition
Partitioned Pricing	A business practice of dividing a price of a product into two or more mandatory components (i.e., a base price and a surcharge) in order to achieve financial goals (Burman & Biswas, 2007; Morwitz et al., 1998; Voester et al., 2017)
Drip Pricing	A business strategy of adding additional mandatory (or optional) surcharges to a base price during the final checkout process (Ahmetoglu et al., 2014)
All-inclusive Pricing	A pricing strategy that include all price components in one price (Chakravarti et al., 2002; Hamilton & Srivastava, 2008)
Search Intention	Intentions to search for a better price for an equivalent product (Lichtenstein et al., 1991; Xia & Monroe, 2004)
Purchase Intention	The likelihood individuals purchase a product (Dodds et al., 1991)
Price Acceptability	A price range (maximum minus minimum prices) that individuals consider as affordable (Lichtenstein et al., 1988)
Surcharge Acceptability	Perception of surcharges that are charged as acceptable and reasonable (Xia & Monroe, 2004)
Surcharge Sensitivity	The degree of being sensitive to surcharges that are charged (Xia & Monroe, 2004)
Surcharge Skepticism	The feeling that surcharges are charged for a profit purpose (Schindler et al., 2005)

1.7 SUMMARY

Chapter 1 introduces the prevalent use of PP on the secondary market, which presents the importance of examining the effects of PP. This chapter emphasizes the strategic change of pricing policy for the resale companies that intends to reduce consumer complaints and protect consumers. Given the purpose of this study, this chapter addresses the significance of this dissertation along with some limitations and delimitations that provide several directions for future studies. The following chapter provides an extensive overview of the literatures relevant to sport pricing, PP, and consumer behavior.

CHAPTER 2

REVIEW OF LITERATURE

This particular study focuses on sport ticket purchases through the secondary market as part of PP. To provide a theoretical foundation for this current study, this chapter opens with an overview of pricing strategies in sport. This overview explains the importance of examining PP in sport. Hence, a comprehensive review of PP is followed with theoretical framework and consumer response to different features of PP. The thorough review of PP develops hypotheses to empirically test in this study.

2.1 TICKET PRICING STRATEGIES IN SPORTS

Sport pricing literature has largely focused on price discrimination as a ticket pricing strategy (Rascher & Schwarz, 2012). Price discrimination is a pricing strategy of providing consumers with identical or equivalent products at differing prices (Crompton, 2016a; Howard & Crompton, 2004; Rascher & Schwarz, 2012). According to Pigou (1912, 1920), there are three levels of price discrimination: first-, second-, and third-degree discrimination. First-degree price discrimination is to set a price of a product at each consumer's maximum amount that they are willing to pay (Rascher & Schwarz, 2012). Second-degree price discrimination provides consumers with different prices for a different quantity (e.g., season tickets) or quality (e.g., variable ticket pricing) (Rascher & Schwarz, 2012). Third-degree price discrimination offers different ticket prices to particular segments of consumers, such as youth, seniors, military, and/or students (Rascher & Schwarz, 2012).

Among three levels of price discrimination, second- and third-degree price discrimination are widely used within sports, which offers consumers an option to choose a ticket from various price levels (Rascher & Schwarz, 2012). For instance, as part of second-degree price discrimination, consumers have options to purchase tickets in certain quantities that contain discounts (e.g., group tickets, partial season tickets, loaded tickets) or purchase everything separately without discounts (Rascher & Schwarz, 2012). In addition, event tickets are priced differently based on quality of seats and games, which is associated with variable ticket pricing (VTP) and dynamic ticket pricing (DTP) (Watanabe & Soebbing, 2017). These two pricing methods are crucial in examining consumer responses to ticket purchases made through the resale markets, hence the following sections discuss VTP and DTP, respectively. The rationale behind employing these two pricing methods may be relevant to the uniqueness of live events (Diehl et al., 2016; Rishe et al., 2015). The first uniqueness of live events is that live game results are unpredictable and uncertain, making consumer demand for each live event different (Borland & MacDonald, 2003; Mills et al., 2016; Soebbing, 2019). Second, an identical event provides different experiences from different seat locations, which offers different angles (Diehl et al., 2016; Rishe et al., 2015). Third, each live event generates a different atmosphere and customer experiences (Mullin et al., 2014). Finally, live events are perishable, meaning that once the events are held, the ticket no longer has value from an admissions standpoint (i.e., event tickets are only usable for specific dates) (Mullin et al., 2014). With the uniqueness, VTP and DTP may become appealing pricing strategies for both sport franchises and sport consumers.

On the other hand, third-degree price discrimination is relevant to segmenting consumers in different groups in order to provide different ticket prices (Rascher & Schwarz, 2012). For instance, discounts are applied to tickets for those who are students, seniors, military members, or youths. As VTP and DTP are two dominant ticket pricing methods, the following sections provide an overview of VTP and DTP.

2.1.1 VARIABLE TICKET PRICING

VTP is defined as the business practice of setting ticket prices dissimilarly for identical seats in different games prior to a new season (Paul & Weinbach, 2013). VTP was first used by the Colorado Rockies in 1997 by charging consumers an extra $8 for high demand games (Courty & Davey, 2020). Identical seats vary in price based on win-loss records, the age of home stadiums, day of the game, and opponents (Reese & Mittelstaedt, 2001; Rishe & Mondello, 2003, 2004), considering that game attendance is price inelastic (Coates & Humphreys, 2007; Villar & Guerrero, 2009). Through data on ticket price and attendance records that have been collected over the last couple decades, scholars suggest ticket prices are set in the inelastic portion of the demand curve, while ancillary prices (e.g., concessions, merchandise) are set in the elastic range of the demand curve (Coates & Humphreys, 2007; Villar & Guerrero, 2009). For instance, although event tickets are expensive, sport consumers still purchase the tickets to watch games live (Coates & Humphreys, 2007; Fort, 2004).

Charging different prices for an identical seat based on quality of opponents or day of the game has helped sport franchises generate additional revenue (Courty & Davey, 2020). To illustrate, over the last 20 years, sport teams have increased team revenues by 4.2% through the use of VTP (Courty & Davey, 2020). However, VTP does

not always increase revenue (Soebbing & Watanabe, 2014; Watanabe & Soebbing, 2017). For instance, consumer demand to attend sporting events decreases when sport teams add more pricing tiers to their tickets within a league that simultaneously uses single and multi-tiered pricing (e.g., the Chinese Super League) (Soebbing & Watanabe, 2014; Watanabe & Soebbing, 2017).

2.1.2 DYNAMIC TICKET PRICING

DTP, an extension of VTP (Rascher & Schwartz, 2012), refers to the business strategy of adjusting ticket price for a specific seat for a certain game at any time leading up to that game (Paul & Weinbach, 2013). Since the introduction of DTP by the San Francisco Giants in 2009 (Courty & Davey, 2020; Drayer, Shapiro, & Lee, 2012), numerous sport teams have used DTP to price tickets as a means to efficiently respond to fluctuating consumer demand for each game. For instance, identical seats are priced differently for different games by time and day of the game, quality of opponents, weather, starting pitcher (for MLB), and team performance (Paul & Weinbach, 2013; Shapiro & Drayer, 2012, 2014). In particular, ticket prices change in real time (Kemper & Breuer, 2016a; Shapiro & Drayer, 2012).

As prices change over time through the use of DTP, this strategy does not impact revenue due to consistent price increases and decreases (Courty & Davey, 2020), although the initial use of DTP increased sales revenue by 17% in 2009 (Rascher & Schwarz, 2012). However, in terms of a marketing tool, DTP is efficient in responding to varying levels of demand and attracts sport consumers to purchase tickets compared to a fixed price (Kemper & Breuer, 2016b). For instance, consumers have higher willingness to pay for games that are played on weekends and against key opponents (or winning

teams), and some uniquely themed promotions (Paul & Weinbach, 2013). Once it gets closer to the day of the live events, individuals have enhanced perceived value for tickets, which positively influences fairness perceptions and purchase intentions (Shapiro, Drayer, & Dwyer, 2016). However, in a situation where individuals are aware of the original price of tickets, price changes over time decrease fairness perceptions and diminish purchase intentions (Shapiro, Dwyer, & Drayer, 2016).

2.1.3 TICKET PURCHASE THROUGH SECONDARY MARKETS

Discussion of VTP and DTP does not isolate from the ticket sale markets. Ticket resale markets use both VTP and DTP that prices are set prior to each season but also change over time until the events are held (Courty & Davey, 2020; Rascher & Schwarz, 2012). The first partnership between sport franchises and resale markets was established by the San Francisco Giants and Tickets.com in 1999 (Courty, 2019; Courty & Davey, 2020). Based on the evolution of VTP, DTP, and ticket resale markets, pricing literature has focused on consumer responses to ticket purchases through the secondary ticket markets (or both markets) compared to the primary market (sport franchises) (Dwyer et al., 2013). The secondary market allows consumers to purchase tickets for desired seats in advance and sport franchises to reach a wide range of consumers compared to the primary market (Courty, 2003). This advantage drives individuals to pay more for tickets purchased on the secondary market (Kemper & Breuer, 2015, 2016b).

In the secondary market, consumer demand is price elastic, which is influenced by seat quality (Diehl et al., 2015; Rishe et al., 2016). The rationale behind relying on the inelastic range of demand may be that fans of visiting teams are the primary users of the secondary market (Diehl et al., 2016). They consider travel distance and travel cost in

purchase decisions (Rishe et al., 2016). Similar to VTP and DTP, in the secondary market, there are multiple factors that influence price, including: seat quality, home team performance, number of days prior to the game, and income of the home city (Diehl et al., 2016; Drayer & Shapiro, 2009; Rishe et al., 2015, 2016; Salaga & Winfree, 2015). Hence, consumer demand may consistently fluctuate based on these factors.

Since ticket prices are set in the elastic portion of the demand curve (Diehl et al., 2015), consumers have considerably different purchase behaviors on the secondary market compared to the primary market (Dwyer et al., 2013). For example, ticket purchases through the secondary market generate lower price fairness perceptions and purchase intentions (Drayer et al., 2018). Negative consumer responses may occur due to lack of trust individuals have with brokers or resale platforms, which increases perceived risk (Suh et al., 2015). In addition, consumers perceive there will be tickets available even the day before the game due to the resale of tickets (Dwyer et al., 2013). Hence, individuals believe they can find a lower price on the secondary market, and search intention becomes greater especially for those who highly identify with a certain sport team (Drayer et al., 2018; Dwyer et al., 2013). The rationale behind purchase behaviors on the secondary market is that sport fans who have high team identification are likely to be frequent ticket buyers who acknowledge ticket prices fluctuate (Drayer et al., 2018; Dwyer et al., 2013). Thus, they become inclined to search for lower ticket prices before making a purchase (Drayer et al., 2018). However, this phenomenon is less likely to occur when individuals purchase tickets directly from sport franchises (Drayer et al., 2018).

Moreover, the secondary ticket market provides additional opportunities for research. Resale companies charge consumers additional fees such as service fees or order processing fees. These additional fees added to the base price of a ticket are a form of PP (or DP), which has not been extensively examined within the context of spectator sport. Hence, an examination of consumer behaviors towards PP in sports is essential. Thus, a thorough overview of the previous PP literature is introduced in the following section.

2.2 EVOLUTION OF PARTITIONED PRICING

Since its emergence in the 1990s, PP has been a popular business practice in numerous industries including hotels, online stores, and sports (Greenleaf et al., 2016). PP was initially defined as prices divided into two parts, a base price (the larger component) and a surcharge (the smaller component) (Morwitz et al., 1998). Common surcharges have been shipping, handling, processing, and tax (Xia & Monroe, 2004). Since the evolution of online ticketing, a service or transaction fee has become common for secondary ticket platforms within the context of live events.

Since Morwitz et al. (1998), the definition of PP has evolved over the years (Burman & Biswas, 2007; Chakravarti et al., 2002; Hamilton & Srivastava, 2008; Voester et al., 2017; Xia & Monroe, 2004). Scholars suggested surcharges are generally mandatory, where consumers do not have an opt out option (Burman & Biswas, 2007; Chakravarti et al., 2002; Hamilton & Srivastava, 2008). Xia and Monroe (2004) and Hamilton and Srivastava (2008) expanded the definition of PP to include one or more surcharges instead of only one surcharge. The most recent definition of PP by Voester et al. (2017) includes a component of consumer psychology. The scholars redefined PP as a

business strategy that relies on "a seller's volitional decision to divide the total price of an offering into two or more mandatory price components to generate favorable buyer response" (Voester et al., 2017, p. 880). This new definition isolates sales taxes from surcharges as a seller does not have strategic choice to partition taxes to achieve organizational goals (Voester et al., 2017). Thus, the current PP is conceptualized as a business practice of dividing the total price of a product into a base price and one or more mandatory surcharges that a seller has control over and that help the seller achieve financial objectives (Voester et al., 2017). Figure 2.1 illustrates the changes of PP definition over time.

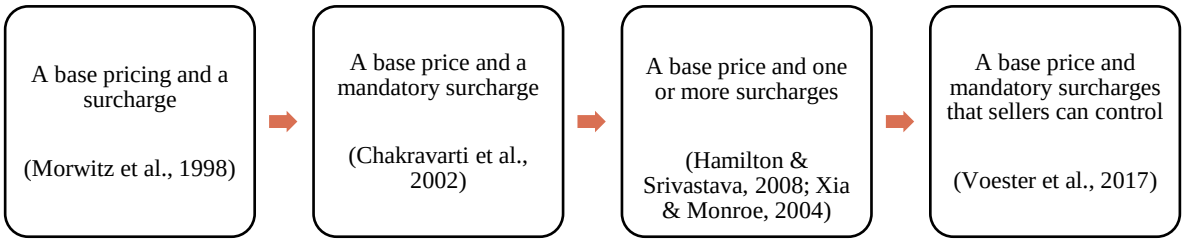


Figure 2.1 *Evolution of PP definition*

In the marketplace, there are optional payments of additional fees, which is a form of DP (Ahmetoglu et al., 2014). The major differences between PP and DP are that (a) surcharges in PP are mandatory, while they can be either optional or mandatory in DP; and (b) price breakdowns are simultaneously displayed with a base price in PP, whereas surcharges can be hidden in DP (Ahmetoglu et al., 2014; Santana et al., 2020). In DP, consumers tend to choose a product with a lower base price, because they are dissatisfied with any (optional or mandatory) fees added afterwards (Santana et al., 2020). The reason consumers do not start over their price search after an exposure of surcharges is due to consumer perception that surcharges are added by other retailers as well (Santana et al.,

2020). However, when consumers are charged the larger number of surcharges afterwards, they are likely to restart their research process and choose products with up-front surcharges (Totzek & Jergensen, 2020). Despite the differences of PP and DP, these two pricing methods are interchangeably used with the timing of fee disclosure (Santana et al., 2020; Totzek & Jergensen, 2020). Hence, in this proposed study, when PP is stated, it conveys characteristics of both PP and DP such as transparent and hidden surcharges.

Since the first PP study by Morwitz et al. (1998), many scholars have examined the effectiveness of PP by comparing it to AIP (Bambauer & Gierl, 2008; Blanthorne & Roberts, 2015; Kim, 2006; Lee et al., 2014; Lee & Han, 2002; Völckner et al., 2012; Xia & Monroe, 2004). The major benefit of PP over AIP is a consumer perception that the total price of PP is lower than AIP, although the prices are equivalent (Blanthorne & Roberts, 2015; Kim, 2006; Lee et al., 2014; Lee & Han, 2002; Morwitz et al., 1998). This perception is due to the PP practice of breaking prices into several parts which splits attention between a base price and additional fees (Kim & Kachersky, 2006). The major disadvantage of PP is skepticism, generated from price transparency, where consumers believe PP purposely creates an illusion that a product has a lower price compared to AIP (Lee & Han, 2002). This skepticism causes individuals to become sensitive to surcharges (Chatterjee, 2010; Chatterjee & McGinnis, 2010; Hamilton & Srivastava, 2008; Lewis, 2006; Smith & Brynjolfsson, 2001).

Subsequent studies have shifted focus toward moderators in order to provide a comprehensive understanding of consumer behavior towards PP (versus AIP) (Blanthorne & Roberts, 2015; Carlson & Weathers, 2008; Chetty et al., 2009; Hamilton & Srivastava, 2008; Ott & Andrus, 2000). Within the PP literature, there have been three

categories of moderators: price-related moderators, buyer-related moderators, and situational moderators. Among more common moderators such as format, number, and type of surcharges, scholars have primarily focused on an investigation of the type of surcharges: in particular, sales and property taxes (Chetty et al., 2009; Colantuoni & Rojas, 2015; Feldman & Ruffle, 2015; Ott & Andurs, 2000; Xia & Monroe, 2004) and shipping fees (Brown et al., 2010; Clark & Ward, 2008; Gümüş et al., 2013; Hossain & Morgan, 2006; Xia & Monroe, 2004). Other types of surcharges such as labor fees (Hamilton & Srivastava, 2008), convenience fees (Marquez et al., 2020), transaction fees (Won & Shapiro, in press-a), and hotel resort fees (Reppeti et al., 2015) have also been investigated. However, further examinations are still needed for a complete understanding of consumer responses towards PP with numerous types of surcharges. Recently, some situational factors have been added in the PP literature such as timing of purchase (Choi et al., 2019), emotions while purchasing (Das et al., 2020), and a recipient of a product purchased (Choi et al., 2019). The price- and buyer-related features and situational moderators are further discussed in sections 2.5.1, 2.5.2, and 2.5.3 respectively.

2.3 THEORETICAL FRAMEWORK

There have been various theories explaining the PP phenomenon and its impact on consumer behavior (Bambauer-Sachse & Mangold, 2010; Bertini & Wathieu, 2008; Koukova et al., 2012; Lee & Han, 2002; Morwitz et al., 1998; Voester et al., 2017; Völckner, 2008; Xia & Monroe, 2004). These include anchoring and adjustment theory (Tversky & Kahneman, 1974), attribution theory (Heider, 1958; Kelley, 1973; Weiner,

1986), cost-benefit framework (Drèze & Stern, 1987; Graham, 1981; Johnson & Payne, 1985), and value function of prospect theory (Kahneman & Tversky, 1979; Thaler, 1985).

Anchoring and adjustment theory explains the positive impact of PP on consumer behavior (Morwitz et al., 1998), while value function describes the negative effect on the consumer (Bertini & Wathieu, 2008; Völckner, 2008). Cost-benefit framework and attribution theory suggest both positive and negative (or neutral) influences of PP (Bambauer-Sachse & Mangold, 2010; Koukova et al., 2012; Lee & Han, 2002; Morwitz et al., 1999; Xia & Monroe, 2004). In the following sections, the four theories are introduced with a detailed overview regarding how they have been employed within the context of PP to explain consumer behaviors.

2.3.1 ANCHORING AND ADJUSTMENT THEORY

Anchoring and adjustment theory emerged as a means to explain the way individuals process numerous pieces of information (Tversky & Kahneman, 1974). Tversky and Kahneman (1974) propose that when multiple facets of information are provided, final decisions are made once an initial value of an item or event is adjusted with supplementary information. The rationale behind anchoring and adjusting information is based on the premise that when individuals encounter various sources of information, they tend to simplify this information by prioritizing the most important element (Chapman & Johnson, 1999; Tversky & Kahneman, 1974; Yadav, 1994). For instance, when moving to a different city and purchasing a house, individuals may receive an information packet that includes a listing price, history of the house, neighborhood, and characteristics of the house (Northcraft & Neale, 1987). Individuals

compare information they value the most and adjust their purchase decision with additional information (Northcraft & Neale, 1987).

Anchoring and adjustment theory is employed in the pricing literature to explain consumer behavior (Raghubir, 2006; Raghubir & Srivastava, 2002; Yadav, 1994). For instance, anchoring and adjustment occur when individuals travel to a different country and purchase a product in foreign currencies (Jonas et al., 2002; Marques & Dehaene, 2004; Raghubir & Srivastava, 2002). Travelers tend to anchor on the monetary values typically paid in their home currency and inaccurately adjust with the foreign currencies (Jonas et al., 2002; Marques & Dehaene, 2004). Thus, travelers may overestimate their budget when traveling in a country whose exchange rate is lower than their home country (Raghubir & Srivastava, 2002).

Within bundling promotions, purchase decisions are dependent upon which products are included in a bundle and which product is valued the most important (Yadav, 1994). To decide whether or not to purchase, consumers evaluate whether the bundle includes an item that they desire to obtain (Yadav, 1994). The item identified as important is the anchored product, and a purchase decision is made after adjusting other items in the bundle whether consumers hope to obtain the adjusted items (Yadav, 1994).

2.3.1.1 ANCHORING AND ADJUSTMENT THEORY AND PARTITIONED PRICING

Morwitz and colleagues (1998) used anchoring and adjustment theory in their seminal study on PP to describe how individuals process multiple price components before making purchase decisions. Thus, when evaluating a PP offer that the total cost is not displayed, consumers anchor on a base price of a product and adjust based on any

surcharges before judging the final price (Greenleaf et al., 2016; Lee & Han, 2002; Morwitz et al., 1998). When adjusting the surcharges, consumers typically underestimate the total cost (Morwitz et al., 1998). Hence, anchoring and adjustment theory suggests PP generates positive impacts on price perceptions and purchase behavior (Morwitz et al., 1998; Voester et al., 2017; Yadav, 1994).

As a result, within the context of PP, anchoring and adjustment theory is commonly used to examine consumer behavior based on total price recall (Morwitz et al., 1998). In the secondary ticket market, total prices are provided during the checkout process, although timing of surcharge display varies. Therefore, estimating the total price of event tickets in the secondary market is unnecessary.

2.3.2 COST-BENEFIT FRAMEWORK

Cost-benefit theory emerged to describe the decision making process when comparing costs and benefits to find an optimal investment option or public policy (Drèze & Stern, 1987; Graham, 1981; Tevfik, 2016). According to cost-benefit theory, individuals make decisions that allow them to minimize costs resulting in a large benefit to cost ratio (Freeman, 1992; Graham, 1981). In a circumstance of trying a new service such as a mobile banking application, a decision is based on a comparison between a security issue (a cost) and convenience (a benefit) (Shen et al., 2010). Individuals are likely to adopt mobile banking when less of a security concern arises and/or higher perception of convenience is generated (Shen et al., 2010). Under situations where consumers use travel agencies, their decision of using the same agency in the future depends on a comparison between a benefit (overall service quality) and a cost required

for travel expenses, information search, and poor performance (Lee & Cunningham, 2001).

Within pricing evaluations, a cost is associated with (a) cognitive efforts to compare prices and estimate a total price and/or (b) financial loss coming out of consumers' pockets (Johnson & Payne, 1985). A benefit is related to (a) a value that a product conveys and/or (b) a faultless information process (Johnson & Payne, 1985). For instance, when the price of gasoline drastically increases, individuals may visit gas stations a couple times to check the price changes (Ratchford, 1982). As the amount of the time spent to acquire the price information of gasoline (a cost) increases, individuals become less likely to seek information to pay less for gasoline refills (Ratchford, 1982).

2.3.2.1 COST-BENEFIT FRAMEWORK AND PARTITIONED PRICING

The cost-benefit framework suggests PP generates positive and negative (or neutral) impacts on consumer attitudes and behavior (Morwitz et al., 1998). The theory is related to how individuals process price information (Morwitz et al., 1998). In PP, a cost is relevant to cognitive process to estimate the total price from multiple price components, and a benefit is the accuracy of price estimation (Morwitz et al, 1998; Sheng et al., 2007). Morwitz and colleagues (1998) describe three information processing strategies that influence estimation accuracy: ignorance, heuristics, and calculation, which is also discussed in section 2.5.2.1. Ignorance strategy does not require any cognitive efforts to calculate the total price, since individuals ignore surcharges and consider the base price as the total cost (Burman & Biswas, 2007; Morwitz et al., 1998; Sheng et al., 2007). The surcharges are ignored because they are not noticeable or individuals choose not to include them in the overall evaluation of price (Voester et al.,

2017). Heuristics strategy is similar to anchoring and adjustment theory that individuals adjust the surcharges towards the total cost based on their previous experience (Morwitz et al., 1998). Hence, although the benefit (accurate estimation) is low with ignorance and heuristic strategy, these strategies generate positive effects of PP due to less cognitive efforts (a cost) and underestimation of the total cost (Morwtiz et al., 1998; Voester et al., 2017). However, when using a calculation strategy, consumers display more cognitive efforts to sum up all components, resulting in an accurate estimation and a neutral (or negative) influence of PP (Morwitz et al., 1998). The rationale behind the neutral impacts of PP on purchase decisions using calculation strategy is that consumers realize the total price of AIP and their estimation of PP are equal, which reduces the attractiveness of PP (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Choi et al., 2019; Morwitz et al., 1998).

In summary, the cost-benefit framework evaluates consumer behavior based on how individuals estimate the total price of multiple price components (Blanthorne & Roberts, 2015; Burman & Biswas, 2007; Lee et al., 2014; Morwitz et al., 1998; Sheng et al., 2007). Hence, this theory suggests consumers have positive attitudes towards products priced with PP in certain situations where they put less cognitive effort into estimating the total cost (Morwitz et al., 1998; Voester et al., 2017). However, this theory also proposes the positive impacts of PP are minimized when consumers put more cognitive efforts (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Choi et al., 2019; Morwitz et al., 1998).

2.3.3 VALUE FUNCTION

Value function was developed as part of prospect theory to describe how people make decisions under uncertain and risky circumstances (Kahneman & Tversky, 1979). These decisions depend on an individual's assessment of gains and/or losses from a transaction, as measured by the value function (Kahneman & Tversky, 1979). Value function has an S shape – a concave shape for gains and a convex shape for losses (Kahneman & Tversky, 1979), which evaluates gains and losses asymmetrically (Mazumdar & Jun, 1993; Stremersch & Tellis, 2002; Yadav & Monroe, 1993). The gains and losses are relative to a reference point that "serves as the zero point" of the value function (Kahneman & Tversky, 1979, p. 275). The S shaped value function lessens marginal returns for gains and enlarges marginal costs for losses (Thaler, 1985; Janiszewski & Cunha, 2004). In a loss situation, individuals try to detect risks, whereas they are risk-averse when expecting a gain (Kahneman & Tversky, 1979). The steepness and the degrees of asymmetry of the S shape differs by individuals' value function (Kahneman & Tversky, 1979). Contingent upon an individual's value function (Arora, 2008), the marginal costs for losses may be steeper than gains (Janiszewski & Cunha, 2004; Kahneman & Tversky, 1979). To illustrate, Kahneman and Tversky (1979) provided an example suggesting an individual's feeling of hot or cold temperature is evaluated by a baseline in which they are accustomed. For instance, on a 65-degree Fahrenheit day, people from Florida may feel it is a cold day and wear a jacket, while others from Maine may feel it is perfect temperature and wear short-sleeve shirts.

Value function has been used to examine the effectiveness of price bundling (Arora, 2008; Johnson et al., 1999; Myung et al., 2008; Thaler, 1985; Yadav & Monroe,

1993) and odd-even ending pricing (Choi et al., 2012; Crompton, 2016b; Jeong & Crompton, 2017, 2018; Schindler & Warren, 1988). In evaluating a bundling promotion, individuals compare a bundling price to a sum of individual items (a reference price in bundling promotions) (Myung et al., 2008; Yadav & Monroe, 1993). With this comparison, if consumers recognize that the bundle costs less than individual purchases, they perceive this transaction as savings or gains, which makes them likely to purchase the bundled package (Arora, 2008; Johnson et al., 1999; Thaler, 1985; Yadav & Monroe, 1993). Odd-even ending pricing (e.g., 9-ending price, $10.99) uses psychological impacts in the minds of consumers (Crompton, 2016b; Schindler & Warren, 1988). If individuals do not critically evaluate odd-even pricing, they perceive the price inexpensive (Jeong & Crompton, 2017, 2018). For instance, when a product cost $99, consumers see this price as $90 rather than $1 below $100 (Jeong & Crompton, 2017, 2018). Odd-even pricing creates an illusion that prices are much lower, since this psychological impact is built upon a gain-framed message of prospect theory (Crompton, 2016b). With this impact, odd-even pricing enhances purchase decisions (Choi et al., 2012; Crompton, 2016b; Schindler & Warren, 1988). However, once consumers investigate the hidden message of odd-even pricing, they realize this pricing is a manipulation by sellers to create an illusion, which diminishes the positive effects (Jeong & Crompton, 2017, 2018).

2.3.3.1 VALUE FUNCTION AND PARTITIONED PRICING

Within evaluations of PP offers, individuals perceive multiple price components as numerous losses, because a purchase itself is considered a loss of money (Völckner, 2008). The rationale behind this perception is that the S shaped value function (a convex shape for losses) makes the feeling of losses from multiple price components more

painful than a loss from an identical AIP (Thaler, 1985). Thus, according to value function, PP generates negative consumer attitudes. Therefore, the effectiveness of PP diminishes (Bertini & Wathieu, 2008; Voester et al., 2017). In addition, the way product and price information are presented can further influence purchase intentions (Chandran & Morwitz, 2006; Chatterjee, 2010). For instance, when individuals evaluate the price of a used book with a shipping cost, positive product reviews result in higher purchase intentions compared to negative reviews (Chandran & Morwitz, 2006). In particular, free shipping increases purchase intentions compared to a reduced shipping fee due to individuals' evaluation of the importance on losses and gains (Chatterjee, 2010). That is, while a reduced shipping fee generates a small gain, but has a cost (i.e., discounts), free shipping provides gains without a cost (i.e., shipping service free of charge).

As the total price of a product is divided into a base price and surcharges in PP (Hamilton & Srivastava, 2008; Morwitz et al., 1998), consumers perceive the surcharges as additional financial sacrifices (Völckner, 2008). Hence, value function is limited to explain the negative effectiveness of PP (Bertini & Wathieu, 2008; Chatterjee, 2010; Voester et al., 2017; Völckner, 2008).

In summary, although anchoring and adjustment theory, cost-benefit theory, and value function have been employed as theoretical foundations in the PP literature, they lack in providing a comprehensive explanation of consumer behavior towards PP. Anchoring and adjustment theory and cost-benefit framework limit to explain consumer responses to PP based on how individuals estimate the total price of PP (Blanthorne & Roberts, 2015; Burman & Biswas, 2007; Lee et al., 2014; Morwitz et al., 1998; Sheng et al., 2007). Hence, when the total cost is provided and individuals do not need to add up

multiple price components, these two theories become less useful to explain consumer responses to PP. Value function is only suitable to explain why PP generates negative effects due to consumer perception that multiple price parts in PP are additional losses (Bertini & Wathieu, 2008; Chatterjee, 2010; Voester et al., 2017; Völckner, 2008). Since PP can generate positive and negative effects (Abraham & Hamilton, 2018) and secondary ticket markets provide the total price of ticket purchases, these three theories do not fit well to describe consumer responses to price transparency in a ticket purchase situation.

On the other hand, attribution theory explains the PP phenomenon that generate both positive and negative effects based on an incorrect estimation, seller's motives, and surcharge existence (Bambauer-Sachse & Mangold, 2010; Fiske & Taylor, 1991; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004; Voester et al., 2017). Hence, among theories that have been extensively used in the PP literature, attribution theory may better explain consumer evaluations of PP depending on the way individuals attribute to understand the existence of additional fees that are charged in their ticket purchases through secondary markets (Bambauer-Sachse & Mangold, 2010; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004). Therefore, attribution theory was employed as the main theoretical framework of this current study to guide this study and explain consumer perceptions of surcharges and purchase behaviors towards PP. The following section introduces an overview of attribution theory such as its emergence, evolution, and use within the context of PP.

2.3.4 ATTRIBUTION THEORY

Attribution theory was developed to understand causes that influence people to think, behave, and/or speak in a particular way (Heider, 1958). To evaluate another person's behaviors, people contribute internal attributions (e.g., personality, attitudes) and/or external attributions (e.g., opportunities, norms) (Heider, 1958; Kelley & Michela, 1980). Internal attributions are related to cognitions, feelings, and behaviors within individuals (Weiner et al., 1971). On the other hand, external attributions are associated with situational or environmental factors (Kelley & Michela, 1980).

To better understand how individuals commit internal and/or external attributions, Kelley (1973) proposed three important factors which influence people to form attributions to account for behaviors, events, and outcomes of others. The three factors are consistency information, distinctiveness information, and consensus information. Consistency information is associated with a behavior that is performed identically by the same individual in a different situation or the same situation at different times (Kelley, 1973). For instance, if a person X always hands out some money to homeless people on streets, this benevolent action has high consistency. If the person X does not give money to all homeless people who he sees, this behavior has low consistency. Consensus information is related to an identical behavior that is performed by different people (Kelley, 1973). For example, if other individuals also give some money to homeless people just as the person X does, this caring behavior has high consensus. However, if the person X is the only one who hands out money to homeless people, consensus among individuals is low. Distinctiveness information is linked to differences of behaviors in unidentical events, situations, and outcomes (Kelley, 1973). For instance, if the person X

not only gives money to homeless people on streets but also donates money to a charitable organization, distinctiveness is low. However, if the person X hands out money to homeless people on streets but does not provide other charitable contributions, distinctiveness is high. Individuals develop attributions on others' behaviors based on the cumulative information of consistency, consensus, and distinctiveness (Kelley, 1973). Kelley (1973) claimed an internal attribution is made when consistency is high, but consensus and distinctiveness are low. To illustrate, if the person X is the only one who always gives money to homeless people on the streets and makes a charitable contribution to an organization, this generous behavior is due to the person X's benevolence (internal attribution). However, when all three facets of information (consistency, consensus, and distinctiveness) are high, external attributions account for a particular behavior (Kelley, 1973). For example, if everyone helps homeless people on the street by giving money (but do not make other charitable contributions), a societal norm may exist that implies a message to always be kind to people who are in need of help.

In terms of consumer behavior, attribution theory is not a single theory, but rather embraces a group of theories concerning the reasons for certain actions (Kelley & Michela, 1980; Martinko & Thomson, 1998). For instance, attribution theory describes the rationale behind individuals' behaviors or actions (Heider, 1958; Kelley & Michela, 1980) as well as organizational actions or individuals' success within an organization (Weiner, 1986; Weiner et al., 1971). Weiner et al. (1971) developed an achievement motivation model to explain what attributions individuals consider for success or failure within organizations, which conceptualizes attribution theory. The attributions further

affect future behaviors, expectations, and consequences (Weiner et al., 1971). According to Weiner and colleagues (1971), there are four important factors affecting causal explanations for achievement: effort, ability, task difficulty, and luck. Additionally, the achievement motivation model by Weiner et al. (1971) had two important dimensions: locus of causality and stability. Two additional dimensions were added to the model later: globality (Abramson et al., 1978) and controllability (Weiner, 1986). The locus of causality dimension (internal vs. external) is relevant to Heider's (1958) internal and external attributions.

The factors of effort and ability are internal attributions that explain the causes of success or failure, whereas task difficulty and luck are external attributions (Weiner et al., 1971). The stability dimension (stable vs. unstable) is associated with the existence of the changes in the causal thinking of success or failure over time (Weiner et al., 1971). Effort and luck are unstable attributions, while task difficulty and ability are stable attributions (Weiner et al., 1971). The globality dimension (global vs. specific) is related to the generality of causal explanations of success and failure (Abramson et al., 1978). The controllability dimension (controllable vs. uncontrollable) is connected to the causes of achievement that are controllable and are not controllable (Weiner, 1986).

According to Martinko and Thomson (1998), the three facets of information (consistency, consensus, and distinctiveness) by Kelley (1973) and three dimensions (locus of causality, stability, and globality) by Weiner et al. (1971) and Abramson et al. (1978) do not act independently to explain the causes of an event, behavior, or outcome. Martinko and Thomson (1998) propose consistency information aligns with the stability dimension (high consistency – stable vs. low consistency – unstable), consensus

information matches the locus of causality dimension (high consensus – external vs. low consensus – internal), and distinctiveness information is paired with the globality dimension (high distinctiveness – specific vs. low distinctiveness – global).

Although individuals may not acknowledge they rely on the causal information (consistency, consensus, and distinctiveness) and attributional dimensions (locus of causality, stability, globality, and controllability), they subconsciously use these factors to understand the causal relationships (Martinko & Thomson, 1998). Within the context of sports, consumers often make causal inferences in a situation where they hear about athlete scandals, which further influences product sales for the sponsor (Kim et al., 2020). For instance, if an athlete is frequently involved in a particular scandal (e.g., driving under influence), consumers make causal inferences of the scandal based on the athlete's dispositional characteristics due to high consistency (Kim et al., 2020). This internal attribution leads to negative evaluations regarding the image of the athlete and reputations of any brands that have relationships with this particular athlete (Sato et al., 2015; Um, 2013). The negative judgement is likely to happen due to consumer's assumption that this athlete will be involved in this type of scandal again in the future (Carroll & Payne, 1976). On the other hand, when an athlete has previously never committed misconduct nor had a bad image, consumers are likely to attribute an athlete scandal to an external factor (e.g., social pressure) due to low consistency and high distinctiveness, minimizing the negative impacts (Kim et al., 2020).

In addition, before making a purchase decision, individuals evaluate a brand's motives regarding a particular pricing method (Lee & Han, 2002). When a price of a product increases, consumers seek to identify a seller's motive regarding the price

increase (Campbell, 1999). If the seller aims to maximize profits by increasing price, the price increase elicits a negative consumer response (Campbell, 1999). However, this negative response diminishes when consumers perceive the price increase occurs due to a factor irrelevant to organizational revenues such as a cause-related marketing initiative or an increase fee of manufacturing process (Campbell, 1999). Thus, consumers become sensitive to seller's motives related to pricing, which is an essential influencer on their perceptions of price fairness (Campbell, 1999; Xia & Monroe, 2004).

Furthermore, given the ease of writing and accessing online reviews, individuals evaluate the credibility of reviews by making attributions to judge a reviewer's motive (Chiou et al., 2018; Qiu et al., 2012; Sparks et al., 2016). For instance, in their study, Chiou et al. (2018) found consumers with low knowledge of a particular product believe negative online reviews are more credible compared to those with sufficient product knowledge (Chiou et al., 2018). Individuals with less product knowledge lack the ability to criticize the quality of the reviews (Chiou et al., 2018). Therefore, consumers are more inclined to make purchase decisions based on negative product reviews (Chiou et al., 2018; Qiu et al., 2012; Sparks et al., 2016). In addition, whether review information contains an average rating from all reviews (versus individual ratings) influences consumer product choices (Camilleri, 2017). Consumers attribute the individual ratings to the reviewer personality rather than a product feature itself, because each reviewer rates the same product differently based on their preferences or perceptions (Camilleri, 2017). Hence, the attribution to a reviewer (internal attribution) reduces the credibility of the review (Qiu et al., 2012). Therefore, consumers devalue the reviews that are extremely high or low compared to others when making a product choice (Camilleri, 2017).

Moreover, consumers prefer to choose a product from reviews that are rated high on average and contain both low and high individual ratings (i.e., negative and positive reviews), since this gives them a better overall understanding of the product (Camilleri, 2017).

However, individuals do not always make some attributions to explain the causes of certain behaviors (Read, 1987). First, when individuals observe an ordinary action of another, they do not seek the causes (Weiner, 1985). Second, an event or behavior that is considered unimportant does not trigger causal attributions (Weiner, 1985). Third, when behaviors, events, or outcomes occur as they are planned, no causal attributions are made (Read, 1987). Hence, if the consequences of others' behaviors and/or events are unexpected and negative, people are more inclined to seek the causes (Folkes, 1984).

2.3.4.1 ATTRIBUTION THEORY AND PARTITIONED PRICING

PP generates either positive or negative effects on consumer behavior depending on the way prices are presented, and attribution theory helps explain these effects (Bambauer-Sachse & Mangold, 2010; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004). The first type of attributions consumers make on PP is relevant to whose fault it is that they commit an incorrect estimation of price components (Morwitz et al., 1998; Lee & Han, 2002). For instance, an internal attribution occurs when individuals perceive they are responsible for their incorrect calculation (Lee & Han, 2002). Hence, this internal attribution does not affect brand attitude, because individuals acknowledge the recalled total price is incorrect due to their miscalculation (Lee & Han, 2002). On the other hand, an external attribution happens when consumers believe a marketer or seller is responsible for the incorrect estimation (Lee & Han, 2002; Schindler et al., 2005). This

external attribution is relevant to the perception of sellers partitioning prices to boost sales, thus blaming marketers or sellers for making an illusion that the total price is inexpensive (Lee & Han, 2002). Hence, an internal attribution related to incorrect estimation has minimal impact on demand or brand attitudes, whereas an external attribution put the blame on the seller, decreasing demand and damaging brand attitudes (Stuart et al., 1990; Lee & Han, 2002). However, when consumers estimate the total cost accurately, this attribution does not apply to identify whose responsibility it is to incorrectly estimate, thus PP does not enhance consumer demand (Morwitz et al., 1998).

The second type of attributions on PP is associated with individuals' perceptions of the sellers' motivations for charging additional fees (Bambauer-Sachse & Mangold, 2010; Fiske & Taylor, 1991; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004; Voester et al., 2017). The effectiveness of PP diminishes when consumers perceive additional fees are charged specifically for a profit maximization (Bambauer-Sachse & Mangold, 2010; Xia & Monroe, 2004). For instance, when shipping and handling fees are surcharged to increase sales revenues, consumers perceive this motive negatively and become less likely to purchase (Bambauer-Sachse & Mangold, 2010; Koukova et al. 2012). However, if the additional fees are relatively small, individuals are less likely to blame the sellers about a profit motive (Xia & Monroe, 2004). In fact, individuals perceive sales tax as more acceptable than shipping and handling fees, because retailers do not have control over sales taxes (Xia & Monroe, 2004). Hence, when consumers perceive that surcharges are uncontrollable or not in the interest of profit maximization, they evaluate the transaction of PP favorably (Bambauer-Sachse & Mangold, 2010). Each individual evaluates PP differently based on perceived motives of surcharges, which

plays an imperative role in evaluating overall price (Bambauer-Sachse & Mangold, 2010).

The third type of attributions on PP accounts for the existence of the surcharges (Abraham & Hamilton, 2018; Greenleaf et al., 2016; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004; Voester et al., 2017). For instance, consumers believe that a booking fee charged for online ticket purchases exists because they purchase tickets online instead of at the ticket office (Greenleaf et al., 2016; Lee & Han, 2002). That is, if tickets are purchased at the ticket office, booking fees, convenience fees, or relevant fees are vanished (Lee & Han, 2002). Hence, negative perceptions of the surcharges are decreased when consumers acknowledge their purchase behavior (e.g., purchasing a product online) results in additional fees (e.g., shipping fees, service fees) (Abraham & Hamilton, 2018). That is, when consumers do not notice that an alternative purchase option (e.g., purchasing from a physical store) does not charge additional fees such as a delivery fee or a transaction fee, they make a negative attribution for the surcharge existence, reducing purchase intention (Lee & Han, 2002).

As a result, attribution theory describes how PP makes positive and/or negative effects on consumer behaviors based on (a) whose responsibility it is to make incorrect estimation (Morwitz et al., 1998; Lee & Han, 2002); (b) why sellers or marketers charge the additional fees (Bambauer-Sachse & Mangold, 2010; Fiske & Taylor, 1991; Koukova et al., 2012; Voester et al., 2017); and (c) why the fees exist (Abraham & Hamilton, 2018; Greenleaf et al., 2016; Xia & Monroe, 2004). In particular, the attributions consumers make to interpret why they are being charged for a fee online (Abraham & Hamilton, 2018; Greenleaf et al., 2016; Xia & Monroe, 2004) can explain the rationale

behind purchase decisions of online ticket purchases among sport consumers. The surcharges on the secondary ticket markets are added to the total price, since consumers purchase tickets from the third party rather than from a sport team. Hence, attribution theory is a good fit to serve as a theoretical framework in this particular research. In fact, causal explanations that consumers make to understand the existence of surcharges can be illustrated through surcharge skepticism (see Appendix B) (Schindler et al., 2005) which is one of moderators in this particular study, influencing purchase behavior. In addition, an investigation of surcharge transparency and consumer response can explain whether hidden surcharges (versus transparent fees or a notification of fees) cause to maximize positive effects (e.g., surcharge acceptability, purchase intention) or negative effects (e.g., surcharge sensitivity, surcharge skepticism, search intention).

2.4 OUTCOME VARIABLES

There are two fundamental outcome variables in this proposed study to understand the role price acceptability and surcharge transparency plays in purchase behavior. The two variables are search intention and purchase intention. Search intention is essential to understand individuals' intention to search for a better price in the consumer behavior literature (Drayer at al., 2018; Dwyer et al., 2013; Xia & Monroe, 2004). Search intentions increase when consumers believe there are lower prices for the same or similar product (Dutta & Biswas, 2005) and they can find the lower prices (Dutta et al., 2007). Thus, when individuals are satisfied with a price of a product while shopping online, they have lower intentions to search for further information and have higher intentions to purchase the product (Xia & Monroe, 2004). In fact, e-commerce enables consumers to compare the prices easily (Xia & Monroe, 2004). Thus, sport

consumers may be inclined to compare ticket prices for different seat locations to find a lower price before making a payment (Dwyer et al., 2013). In addition, consumers may compare multiple secondary ticket platforms in order to find the optimal ticket prices due to differing methods of disclosing additional fees on each platform, such as revealing estimated fees upfront (displaying higher ticket prices at first hand) or notifying additional fees that would be added to the total cost (displaying lower ticket prices at first hand). Since the process of looking for more information regarding price is a universal behavior (Dwyer et al., 2013; Shim et al., 2001; Xia & Monroe, 2004), search intention is a valuable outcome variable to consider when examining PP.

Purchase intention is another common outcome variable examined in the PP literature (Bertini & Wathieu, 2008; Chakravarti et al., 2002; Kim, 2006; Morwitz et al., 1998; Voester et al., 2017; Völckner et al., 2012; Xia & Monroe, 2004) and the sport consumer behavior literature (Drayer et al., 2018; Irwin et al., 2003; Ko et al., 2008; Lee & Koo, 2015; Shapiro, Dwyer, & Drayer, 2016; Reese, 2012). Assessing purchase intentions allows researchers to predict the probability participants purchase a product (Dodds et al., 1991). Through ample examinations of purchase intentions and PP, scholars claim the degree to which individuals intend to purchase a product is influenced by different surcharge features (e.g., surcharge transparency) (Bambauer & Gierl, 2008; Dertwinkel-Kalt et al., 2020), buyer-related factors (e.g., surcharge sensitivity) (Lewis, 2006; Smith & Brynjolfsson, 2001) and external factors (e.g., perceived existence of surcharges) (Lee & Han, 2002; Xia & Monroe, 2004). For instance, purchase intentions are greater when individuals review a base price first and do not pay close attention to the total price which includes additional fees (Abraham & Hamilton, 2018; Dertwinkel-Kalt

et al., 2020). Within the context of sports, purchase intentions explain how likely sport consumers are to purchase sponsor products (Ko et al., 2008), athlete endorsements (Lee & Koo, 2015), cause-related products (Irwin et al., 2003), and sport tickets (Drayer et al., 2018; Shapiro, Dwyer, & Drayer, 2016; Reese, 2012). Although purchase intentions have been widely examined in the sport consumer literature, an examination of consumer response to PP for sport tickets is limited. Hence, purchase intention to purchase partitioned ticket prices on the secondary market is another critical variable in this particular study.

2.5 PARTITIONED PRICING AND CONSUMER BEHAVIOR

Since the first examination of PP by Morwitz and colleagues (1998), numerous studies have been conducted to investigate the impacts of PP on consumer responses. A recent meta-analysis on the PP literature revealed about a half of literature (52%) claims consumers have positive attitudes towards PP and prefer PP, while another half (48%) suggest consumers have negative attitudes towards PP and prefer AIP (Abraham & Hamilton, 2018). The major differences of PP and AIP evaluations are driven from how accurately individuals recall the total cost of multiple price components in PP (Abraham & Hamilton, 2018; Morwitz et al, 1998). For instance, accurate estimations reduce attractiveness of PP offers and purchase intentions, because the total prices of PP and AIP do not differ and AIP diminishes price sensitivity due to no appearance of price breakdowns (Burman & Biswas, 2007; Morwitz et al., 1998; Lee & Han, 2002).

Additionally, previous studies show consumer reactions towards PP differ, and this difference is driven by the way prices are segmented and presented (Bertini & Wathieu, 2008; Chakravarti et al., 2002; Carlson & Weathers, 2008; Greenleaf et al.,

2016; Hamilton & Srivastava, 2008; Lee et al., 2014; Morwitz et al., 1998; Xia & Monroe, 2004). The mixed evaluations of PP make price perception (e.g., surcharge acceptability) vary, influencing purchase behaviors (Carlson & Weathers, 2008; Xia & Monroe, 2004). Thus, it is essential to understand consumer behavior based on different features of PP and situational effects. Hence, the following sections describe various factors categorized by price-related features, buyer-related features, and situational features in sections 2.5.1, 2.5.2, and 2.5.3, respectively. Additionally, sections of 2.5.4 and 2.5.5 describe consumer responses to PP in hospitality, tourism, and sports where advance bookings through online websites are common, which provides crucial reviews of literature that is relevant to this particular study.

2.5.1 PRICE-RELATED FEATURES

Positive and/or negative effects of PP on consumer responses are driven by the ways prices are divided and presented with different features of surcharges (Carlson & Weathers, 2008; Chakravarti et al., 2002; Greenleaf et al., 2016; Hamilton & Srivastava, 2008; Morwitz et al., 1998; Xia & Monroe, 2004). The following sections highlight price-related features that influence consumer behavior: magnitude, types, number, format and benefits of surcharges, and surcharge transparency.

2.5.1.1 MAGNITUDE OF SURCHARGES

The magnitude of additional fees has received considerable attention from scholars (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Chatterjee, 2010; Cheema, 2008; Gierl & Bambauer-Sachse, 2007; Kim & Kachersky, 2006; Roggeveen et al., 2006; Sheng et al., 2007; Wang & Lynn, 2015). The effects of PP vary due to the different levels of surcharge awareness and fairness perceptions. In terms of fee

awareness, smaller surcharges capture less attention from consumers and engender a higher likelihood of purchasing, whereas larger surcharges (e.g., more than the base price) become highly noticeable, diminishing the positive effect of PP (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Cheema, 2008; Sheng et al., 2007). As fee sizes increase, individuals perceive prices as unfair and unacceptable, which negatively influences purchase intention (Sheng et al., 2007; Xia & Monroe, 2004). Larger fees also maximize consumer expectations of product quality that lead to dissatisfied consumer experience when quality does not match expectations (Reppeti et al., 2015; Wang & Lynn, 2015). Thus, when additional fees are lower (e.g., surcharges below 15% of the base price), PP increases the likelihood of purchase compared to AIP (Burman & Biswas, 2007; Sheng et al., 2007; Xia & Monroe, 2004).

In addition to the magnitude of surcharges, price level of a base price influences consumer behavior. PP scholars claim consumers have favorable attitudes towards PP for expensive products (i.e., a high base price) compared to inexpensive products (i.e., a low base price) (Burman & Biswas, 2007; Sheng et al., 2007). This preference is based on the fact that the expensive base price makes consumers pay less attention to surcharges as they become relatively low compared to the total cost (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Sheng et al., 2007).

2.5.1.2 TYPES OF SURCHARGES

The second PP feature commonly examined is the type of surcharges. Researchers suggest when consumers consider a product with surcharges that are common in the market, they are more likely to purchase (Abraham & Hamilton, 2018; Bertini & Wathieu, 2008; Greenleaf et al., 2016). For instance, examinations of consumer behavior

and PP have investigated the effects of sales tax (Ott & Andrus, 2000; Xia & Monroe, 2004) and shipping and handling fees (Brown et al., 2010; Chatterje, 2010; Chatterjee & McGinnis, 2010; Gümüş et al., 2013; Hossain & Morgan, 2006; Lewis, 2006; Xia & Monroe, 2004). A sales tax added during the checkout for soft drinks does not influence consumers negatively due to their familiarity with sales tax (Colantuoni & Rojas, 2015). A free shipping policy over a certain order amount generates unfavorable consumer attitudes because individuals do not want to make additional purchases to meet the free shipping requirement (Fiske & Taylor, 1991; Koukova et al., 2012).

An investigation of types of surcharges is important as the PP literature has focused primarily on examining sales taxes and/or a shipping fee (Xia & Monroe, 2004). Hence, investigating consumer behavior towards surcharges that are common in advance online bookings (e.g., event tickets, flight tickets, hotel bookings) advances the PP literature by extending knowledge on types of surcharges.

2.5.1.3 NUMBER OF SURCHARGES

Scholars have claimed consumers have different perceptions on the varying number of surcharges although the total cost is equivalent (Hamilton & Srivastava, 2008; Voester et al., 2017; Xia & Monroe, 2004). For instance, individuals perceive $49.99 and $39.99 plus a surcharge of $10.00 different although the total price is the same (Xia & Monroe, 2004). In addition, price perceptions are different when there are multiple smaller fees that add up to the same total cost (Hamilton & Srivastava, 2008). A small number of price components improves fairness perceptions as well as purchase intentions (Carlson & Weathers, 2008; Xia & Monroe, 2004). However, a large number of surcharges lowers fairness perceptions and consumer demand (Carlson & Weathers,

2008; Xia & Monroe, 2004). A large number of surcharges makes the surcharges more noticeable (Cheema, 2008) and excessive (Carlson & Weathers, 2008). Thus, individuals feel the total cost with a large number of surcharges is higher than the actual price (Carlson & Weathers, 2008).

Moreover, the effect of the number of surcharges is mitigated by the presence of total price and reputation of a seller (Carlson & Weathers, 2008). For instance, when a total price is provided, consumers do not need to estimate the total price from multiple price components, diminishing the negative impact of a large number of surcharges (Carlson & Weathers, 2008). In addition, consumers pay less attention to surcharges when purchasing a product from high profile sellers, as they tend to focus on the brand itself rather than prices (Lee & Han, 2002).

2.5.1.4 FORMAT OF SURCHARGES

The format of surcharges is related to the way the fees are presented. Consumer reactance to PP varies based on surcharge presentation such as in percentages (versus dollar digits) or in smaller font size (versus larger font size) (Abraham & Hamilton, 2018; Blanthorne & Roberts, 2015; Kim, 2006; Kim & Kachersky, 2006; Morwitz et al., 1998; Xia & Monroe, 2004).

2.5.1.4.1 DOLLAR DIGITS VERSUS PERCENTAGES

Consumer behavior varies when surcharges are stated in dollar digits or percentages due to the level of complexity to estimate the total cost of a product (Abraham & Hamilton, 2018; Kim, 2006). When additional fees are charged as a percentage of the base price, PP becomes more effective than AIP (Abraham & Hamilton, 2018; Kim, 2006; Morwitz et al., 1998; Xia & Monroe, 2004). A percentage of

a base price makes calculation more complex, which can lead to underestimation of the actual price (Estelami, 2003; Kim & Kachersky, 2006; Morwitz et al., 1998). Due to underestimated total cost, consumers positively assess the PP offer (Bambauer & Gierl, 2008). This positive assessment of the PP transaction increases purchase intentions (Abraham & Hamilton, 2018; Kim, 2006; Morwitz et al., 1998; Xia & Monroe, 2004). However, the surcharges stated in dollar digits neutralize the influence of PP on total price recall and purchase intention (Abraham & Hamilton, 2018; Kim, 2006; Morwitz et al., 1998; Xia & Monroe, 2004).

2.5.1.4.2 LARGER VERSUS SMALLER FONT SIZE

Additional fees may be listed in a smaller font size to be less noticeable or in a larger font to be emphasized. In a transaction where consumers expect high surcharges such as a shipping cost from an online auction, the more salient fees in a larger font size enhances purchase intentions (Brown et al., 2010). This is due to the salient charges reducing individuals' concerns about additional fees unexpectedly added in the future (Brown et al., 2010). On the other hand, in most situations where consumers do not expect additional charges, they have higher purchase intentions for the surcharges presented in a smaller font size (Kim, 2006; Kim & Kachersky, 2006). The likelihood of purchasing a product with a smaller font size is higher, because it induces a less attention from consumers, resulting consumers to ignore surcharges (Kim, 2006; Kim & Kachersky, 2006).

2.5.1.5 BENEFITS OF SURCHARGES

When individuals perceive surcharges provide benefits, consumers become less sensitive to the price increase during the checkout process (Abraham & Hamilton, 2018;

Bambauer-Sachse & Mangold, 2010; Bertini & Wathieu, 2008; Hamilton & Srivastava, 2008). In this case, consumers perceive the surcharge is not being added to enhance a firm's profit (Xia & Monroe, 2004). For instance, when individuals request a car repair at an automobile shop which charges a substantial labor fee in addition to the repair base price, they believe the surcharge is appropriate to provide sufficient repair for their car (Hamilton & Srivastava, 2008). This perception reduces skepticism about the shop's intention to charge a labor fee divided from the base price of car repair, which enhances purchase intentions (Hamilton & Srivastava, 2008). Hence, PP with a surcharge providing benefits increases consumer demand for products and purchase intention (Abraham & Hamilton, 2018; Bambauer-Sachse & Mangold, 2010; Bertini & Wathieu, 2008; Hamilton & Srivastava, 2008). In addition, individuals are likely to pay sustainability fees that are added onto ticket prices due to their perception that the fees help protect the environment (Greenhalgh & Drayer, 2020).

2.5.1.6 SURCHARGE TRANSPARENCY

The effectiveness of PP varies by the timing of surcharge exposure (Brown et al., 2010; Chetty et al., 2009; Dertwinkel-Kalt et al., 2020; Morwitz et al., 1998; Voester et al., 2017). Within PP practices, sellers have an option to reveal any surcharges upfront (transparent surcharges), notify consumers of additional fees added later, or disclose them later (hidden surcharges). The surcharges disclosed along with a base price and later during the checkout process generate different consumer reactance (Abraham & Hamilton, 2018; Morwitz et al., 1998). For instance, hidden surcharges increase purchase intentions (Morwitz et al., 1998). In a natural field experiment of 3D movie purchases, Dertwinkel-Kalt et al. (2020) claim movie-goers are less likely to proceed the purchase

with a transparent 3D surcharge compared to a hidden 3D surcharge. Similarly, sales taxes displayed during the final stage of the checkout for online purchases increase purchase demand (Taubinsky & Rees-Jones, 2018). The hidden surcharge effects occur because individuals believe the base price is equivalent to the total cost of the product, only if they do not pay much attention on the additional fees later (Morwitz et al., 1998).

On the other hand, consumers have lower demand regarding when the sellers have transparent surcharges (Abraham & Hamilton, 2018; Morwitz et al., 1998; Won & Shapiro, in press-a). For instance, Chetty et al., (2009) conducted a field experiment for cosmetic and beauty products where the price tags of the products either included sales taxes or excludes them. As price becomes an important factor to cultivate consumers, the price tags containing sales taxes had lower purchase rates (Chetty et al., 2009). The transparent surcharge effect becomes negative due to (a) consumers' skepticism on the primary purpose of employing a PP practice (Brown et al., 2010; Lee & Han, 2002) and (b) consumers' reluctance to choose an increased price that includes a surcharge (Blake et al., 2018). However, among individuals who believe price transparency enables an easy evaluation of cost and benefit of the transaction (Bertini & Wathieu, 2008), transparent surcharges increase price fairness perceptions (Bambauer & Gierl, 2008).

Moreover, when a total price is provided along with a base price and surcharges, PP becomes ineffective, because consumers do not need to estimate the total cost, which they often underestimate (Abraham & Hamilton, 2018; Morwitz et al., 1998; Won & Shapiro, in press-a). However, the presence of the total price enhances price transparency perceptions (Carlson & Weather, 2008), increasing purchase intentions towards PP compared to AIP (Feldman & Ruffle, 2015).

2.5.2 BUYER-RELATED FEATURES

Characteristics of each consumer influence the way they react to PP and their intention to purchase a product with PP. For instance, in a situation where consumers purchase an identical product, their attitudes and purchase decisions vary depending on how they process multiple price information (Burman & Biswas, 2007; Morwitz et al., 1998; Lee & Han, 2002), how much weight they put on each price component (Choi et al., 2019; Das et al., 2020), and how sensitive they are to surcharges (Chandran & Morwitz, 2006; Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis, 2006; Lewis et al., 2006; Smith & Brynjolfsson, 2001). The following section introduces buyer-related features that the extant PP literature has examined.

2.5.2.1 INFORMATION PROCESSING STYLE

According to Morwitz et al. (1998), individuals use one of three information process to estimate a total cost of a product: calculation strategy, heuristic strategy, or ignorance strategy. The use of a particular information processing style is influenced by individuals' preferences on a brand (Voester et al., 2017). Depending on which information processing strategy individuals employ, the effectiveness of PP can be positive or negative/neutral (Burman & Biswas, 2007; Morwitz et al., 1998; Lee & Han, 2002).

2.5.2.1.1 CALCULATION STRATEGY

The calculation strategy is the process of adding the base price and the surcharge to calculate the total cost. When consumers employ the calculation strategy, they tend to pay close attention to both the base price and surcharges (Morwitz et al., 1998). The recalled total price using calculation strategy is likely to be accurate, generating the

neutral effects of PP on purchase intention or the feeling of unattractive offer compared to AIP (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Choi et al., 2019; Morwitz et al., 1998). Morwitz and colleagues (1998) suggest that individuals are likely to employ calculation strategy to process price information when they are not aware of a brand or do not have a high preference on the brand.

2.5.2.1.2 HEURISTIC STRATEGY

Dissimilar to the calculation strategy, the heuristic or ignorance strategy generates the positive impacts of PP on consumer behavior (Morwitz et al., 1998). The heuristic strategy is the process of weighing the surcharge either larger or smaller based on individuals' previous experience with the surcharges (Morwitz et al., 1998). Within this strategy, consumers employ anchoring and adjustment to process the multiple price components (Chapman & Johnson, 1996; Tversky & Kahneman, 1974), putting different weights on the base price and surcharges (Greenleaf et al., 2016; Lee & Han, 2002; Morwitz et al., 1998). Individuals anchor the base price and then inadequately adjust the surcharge (Hogarth & Einhorn, 1992; Morwitz, et al., 1998; Tversky & Kahneman, 1974), as the base price is exposed first or considered more important than the surcharges (Morwitz et al., 1998; Yadav, 1994). In addition, positive emotions that individuals have at the purchase process affect them to rely on heuristic strategy (Schwartz et al., 1991). Surcharges stated in a more complex way such as percentages also influence individuals to use a heuristic manner to estimate the total price (Morwitz et al., 1998). Hence, consumers commit underestimation of the total cost, positively influencing their purchase intention (Morwitz et al., 1998).

2.5.2.1.3 IGNORANCE STRATEGY

The ignorance strategy is to simply ignore surcharges by either not recognizing them or recognizing but not considering them, which leads consumers to perceive the base price as the total cost (Morwitz et al., 1998). In some cases, consumers may not recognize surcharges, since the base price becomes more noticeable than surcharges (Chakrvarti et al., 2002; Hamilton & Srivastava, 2008). In addition, consumers who attach themselves to a particular brand are likely to ignore the surcharges, because their primary reason of purchase is their interest in the brand (Morwitz et al., 1998). Thus, individuals may estimate the total cost lower than the accurate price when they focus less on the surcharges (Lee et al., 2014; Morwitz et al., 1998). Hence, when consumers ignore or pay less attention on the surcharges, PP appears to be more attractive than AIP and increases purchase intention (Greenleaf et al., 2016; Lee et al., 2014; Lee & Han, 2002; Morwitz et al., 1998).

In summary, information processing strategies are used when individuals try to estimate the total cost from multiple price information, when they make purchase decisions (Lee et al., 2014; Lee & Han, 2002; Morwitz et al., 1998). A choice of a specific processing strategy is contingent upon individuals' interests with a brand or product (Morwitz et al., 1998). For instance, a product being purchased from an unfamiliar seller influences consumers to use a calculation strategy, whereas they tend to use ignorance strategy for a product that they have a high desire to acquire (Morwitz et al., 1998). Heuristic strategy is more likely to be used for consumers who are in a good mood (Schwartz et al., 1991) and for products that additional price information is

presented in percentages (Morwitz et al., 1998). A calculation strategy tends to generate neutral influences, but other strategies create positive effects of PP (Morwitz et al., 1998).

Furthermore, scholars suggest individuals either employ local or global processing (Choi et al., 2019; Das et al., 2020; Lee et al., 2014). Consumers who possess local processing are detailed-oriented, thus they pay close attention to each price component, whereas those with global processing focus on the promotional approaches (Bless et al., 1996; Gasper, 1999; Schwartz et al., 1991). Hence, similar to heuristics and ignorance processing strategies, PP becomes more attractive and increases purchase intentions than AIP among individuals who use global processing (Choi et al., 2019; Das et al., 2020; Lee et al., 2014). The effect of PP becomes neutralized for those with local processing, similar to calculation strategy (Choi et al., 2019; Das et al., 2020; Lee et al., 2014).

2.5.2.2 SENSITIVITY TO SURCHARGE PRICE

Scholars found that when prices are divided into several parts, individuals have differing levels of sensitivity to price changes for the base price and the surcharges (Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis, 2006; Lewis et al., 2006; Smith & Brynjolfsson, 2001). Consumers are more sensitive to the price changes for the surcharges compared to the base price, thus price increase in surcharges diminish purchase intentions (Chandran & Morwitz, 2006; Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis, 2006; Lewis et al., 2006; Smith & Brynjolfsson, 2001). For instance, a $1 increase in a shipping fee for online grocery shopping reduces a total of 6.2% purchases, whereas a $1 increase in base prices of products results in a smaller reduction in the purchase, 2.7% (Lewis, 2006). Similar effects of price increases in base

prices and the surcharges (shipping charges) were found in digital camera purchase (Chatterjee, 2010), computer equipment purchase (Chatterjee & McGinnis, 2010), and book purchase (Smith & Brynjolfsson, 2001). Additionally, online shoppers have lower purchase intention if shipping fee is charged compared to a free shipping (AIP) (Chandran & Morwitz, 2006; Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis, 2006; Lewis et al., 2006; Smith & Brynjolfsson, 2001). Chandran and Morwitz (2006) suggest consumers perceive free promotions (e.g., free shipping, buy one get one free, get an item for free but pay only shipping fee) are "independent of price" (p. 391), thus becoming more inclined to choose an offer with free promotions. Moreover, free promotions become more effective when a base price and a shipping charge of a product are high (e.g., over $100 for a base price and $30 for a shipping) (Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis et al., 2006). Therefore, when a base price of the product is low (e.g., below $20), consumers become less sensitive to the surcharge prices (e.g., reduced shipping fee, free shipping) (Chatterjee, 2010; Chatterjee & McGinnis, 2010). They rather look for sales promotions of the product, because they are less motivated to calculate the multiple price components for inexpensive products (Chatterjee, 2010). Hence, consumers are likely to switch a brand to purchase a product with a lower surcharge, since the magnitude of surcharges is imperative for customer retention (Lewis, 2006).

2.5.3 SITUATIONAL FEATURES

In addition to price- and buyer-related features, consumer behaviors towards PP differ by situational factors (Carlson & Weathers, 2008; Cheema, 2008; Choi et al., 2019; Das et al., 2020; Schindler et al, 2005; Xia & Monroe, 2004). For instance, consumers

become less doubtful of the size and/or existence of surcharges, when they purchase a product (a) from a highly reputed seller (Carlson & Weathers, 2008; Cheema, 2008; Schindler et al., 2005; Xia & Monroe, 2004); (b) for later use (Choi et al., 2019); (c) as a gift to someone (Choi et al., 2019); and (d) with a positive emotion (Das et al., 2020). Consumer behaviors towards specific situational features are introduced in the following sections.

2.5.3.1 REPUTATION/TRUSTWORTHINESS TO THE SELLER

PP is ineffective when consumers purchase a product from unknown or low reputed sellers, because they become skeptical about the existence of surcharges (Carlson & Weathers, 2008; Cheema, 2008). This skepticism makes consumers perceive PP less attractive and unfair, decreasing purchase intentions (Schindler et al., 2005). The negative effects are maximized when the sellers have bad reputation in the market, making consumers pay more attention to details such as the surcharges (Cheema, 2008) and increasing the likelihood of using a calculation information processing style (Morwitz et al., 1998). However, a transaction from highly reputed sellers creates the opposing results, neutralizing the negative impacts of a high number of surcharges (Carlson & Weathers, 2008). For instance, when multiple surcharges are added to a base price, the effectiveness of PP decreases (Carlson & Weathers, 2008; Xia & Monroe, 2004). However, consumers have high demand on products sold by a seller that is well-known and establishes trustworthy in spite of large number or magnitude of additional fees (Carlson & Weathers, 2008). This is due to individuals' perception of the seller being trustworthy, which enhances fairness perceptions and purchase intention (Carlson & Weathers, 1008; Cheema, 2008; Schindler et al., 2005; Xia & Monroe, 2004). Thus, they

are likely to use heuristics or ignorance processing strategy and make a lower estimation (Lee & Han, 2006 Morwitz et al., 1998)

2.5.3.2 PERCEIVED EXISTENCE OF SURCHARGE

Previously mentioned with attribution theory, the effectiveness of PP differs based on the reason of the existence of surcharges perceived by buyers (Bambauer-Sachse & Mangold, 2010; Fiske & Taylor, 1991; Koukova et al., 2012; Lee & Han, 2002; Voester et al., 2017; Xia & Monroe, 2004). Briefly discussing, buyers' perception of sellers' intention to separate surcharges from a base price influences price fairness perception as well as purchase intention (Bambauer-Sachse & Mangold, 2010; Schindler et al., 2005; Xia & Monroe, 2004). For instance, when consumers perceive the primary reason of charging additional fees is to maximize profits, price unfairness perception increases (Bambauer-Sachse & Mangold, 2010; Schindler et al., 2005; Xia & Monroe, 2004). In addition, the profit maximizing motive affects consumers to feel the surcharge is unacceptable (Xia & Monroe, 2004). On the other hand, the opposite outcomes are generated with a non-profit maximization purpose. For instance, when sellers add surcharges to the base price in order to provide expedited shipping (Schindler et al., 2005) or to implement environment-related initiatives in stadiums (Greenhalgh & Drayer, 2020), perceived price fairness and offer attractiveness increase, positively influencing purchase intention (Bambauer-Sachse & Mongold, 2010; Schindler et al., 2005; Voester et al., 2017).

Furthermore, the perception of sellers' intention can vary based on pricing tactic persuasion knowledge (Friestad & Wright, 1994). The knowledge is an individual's ability to acknowledge a marketer's motive in pricing tactics to persuade them to

purchase (Friestad & Wright, 1994; Hardesty et al., 2007). The positive effectiveness of PP maximizes for consumers who have low persuasion knowledge, because they lack in knowledge to recognize the seller's intent to charge additional fees (Das et al., 2020). Hence, individuals who possess high pricing tactic persuasion knowledge have low purchase intention toward PP, since they are sophistically integrate multiple price components and aware of the seller's intention (Das et al., 2020).

2.5.3.3 TIMING OF PURCHASE

Timing of purchase prior to an actual use influences consumer reactance to PP (Choi et al., 2019). Consumers perceive PP more attractive than AIP in a situation they purchase something in advance such as hotel bookings, camping trip reservations, and flight ticket purchases (Choi et al., 2019). When individuals purchase an item that they need to use right away or making a reservation or bookings at the last minutes, AIP is preferred as they become paying much attention to the surcharges (Choi et al., 2019).

Moreover, timing of the surcharge payment influences consumer behavior (Ott & Andrus, 2000). For instance, while the sales tax is charged and paid at the moment of the purchase, property taxes can be paid annually (Ott & Andrus, 2000). In their study, Ott and Andrus (2000) found that numerous payments of the annual taxes (e.g., vehicle personal property taxes) diminish individuals' purchase intentions for PP.

2.5.3.4 GIFT GIVING

PP increases purchase intentions when consumers buy a product as a gift to someone (Choi et al., 2019). As individuals may imagine delightful emotions that the person has when receiving the gift, they become less sensitive to surcharges and focus less on the fees (Choi et al., 2019). On the other hand, when individuals purchase a

product for themselves but not for others, they may become sensitive to the total price increase after an initial exposure to only a base price (Choi et al., 2019). Due to the total price increase and price sensitivity, consumers tend to focus on all price components, diminishing the effectiveness of PP (Choi et al., 2019).

2.5.3.5 PLACE OF PURCHASE

Consumer reactance to PP can vary dependent upon place of purchase such as directly buying it from a brand or a retailer (Lee & Han, 2002). For instance, Samsung electronics (e.g., TV, cameras) can be sold directly from Samsung physical stores or online store or sold indirectly from retailing stores such as Best Buy. Nike apparels can be also sold at Nike stores or at retailers such as Dick's Sporting Goods. When negative outcomes occur due to the particular features of price information from retailers, the negativity does not considerably affect to damage brand image or attitude but only harms the retailers (Lee & Han, 2002).

2.5.3.6 EMOTIONS AT PURCHASE

Individuals' emotions at the moment of purchasing products can influence the way individuals process multiple price information (Das et al., 2020). Consumers in a positive mood have a higher perception of offer attractiveness and purchase intentions towards PP than AIP compared to a negative mood (Das et al., 2020). This is because emotions make differences in motives to make cognitive efforts to process information (Gasper, 1999). For instance, a positive mood affects individuals to use heuristic information processing, while a negative mood motivates them to be detail-oriented (e.g., focusing on the details of price information such as the surcharges) (Bless et al., 1996;

Gasper, 1999; Schwartz et al., 1991). Hence, individuals in a negative emotion have low intention to purchase an offer with PP (Das et al., 2020).

2.5.4 PARTITIONED PRICING IN HOSPITALITY AND TOURISM

PP is extensively used in online bookings for airlines and hotels, which charges some mandatory fees (e.g., resort fee) and optional fees (e.g., breakfast meals, checked-in luggage) (Greenleaf et al., 2016). When mandatory surcharges are added to the total cost, price perceptions vary dependent upon price level of the fees (Reppeti et al., 2015) and timing of fee exposure (Robbert, 2015; Robbert & Roth, 2014). For instance, when consumers cannot be opted out from resort fees, they prefer small amount of fees such as below 15% of the room rates over large fees (Reppeti et al., 2015). In their study of examining fee exposure timing, Robbert and Roth (2014) found that hidden, mandatory surcharges added on to a flight ticket reduce fairness perceptions and purchase intentions compared to transparent, mandatory fees. This is because the sequential exposure of fees increases accuracy of price recall due to an increased amount of attention paid to all price components that is generated by consumer perception of sellers deceiving buyers (Robbert, 2015; Robbert & Roth, 2014). In addition, the smaller number of surcharges and an early exposure of the total price diminishes an amount of attention to the cost in an online booking, which increases price fairness (Totzek & Jurgensen, 2020). This is relevant to the degree consumers value price transparency among options when making purchase decisions (Totzek & Jurgensen, 2020).

On the other hand, in an online booking situation for hotel rooms or airlines, cheaper price options typically exclude some of essential features such as a free checked bag or breakfast inclusion. That is, once these items are included as optional payments, a

cumulative amount of all payments becomes expensive. Although the lower base price becomes expensive with an inclusion of some features that are initially excluded, consumers perceive starting over the transaction cumbersome and time-consuming (Santana et al., 2020). Hence, consumers are inclined to book cheaper flights or hotel rooms with less advantages that become optional surcharges (Santana et al., 2020).

Moreover, PP is ubiquitous in restaurants where tipping is expected, and consumer perceptions of tipping vary depending on the magnitude of the gratuity (Reppeti et al., 2015; Wang & Lynn, 2015). For instance, consumers consider their dining experience a bad value when they are charged a gratuity above the 15% standard rate (i.e., 18%) compared to below the standard rate (i.e., 12%) with equivalent dinner menu prices (Wang & Lynn, 2015). The rationale behind this varying perception is that individuals expect a high quality of service when surcharges (e.g., gratuity, a resort fee) become larger (Reppeti et al., 2015; Wang & Lynn, 2015).

As a result, within the contexts of hospitality and tourism, the effectiveness of PP differs by magnitude of surcharges and surcharge transparency. Examinations of surcharges that are common in the hospitality and tourism industries (e.g., resort fees, gratuity, baggage fees) extend the understanding of consumer behaviors towards various types of surcharges, which is fundamental in the PP literature due to limited investigations on different types of surcharges (Colantuoni & Rojas, 2015; Gümüş et al., 2013; Xia & Monroe, 2004).

2.5.5 PARTITIONED PRICING IN SPORT

For live events such as sport games and concert, advance ticketing is essential in order to secure ticket availability (Courty, 2003). Advance ticking requires additional

fees (e.g., order processing fees) as part of ticketing services (Blake et al., 2018). Although PP studies in sports are limited, PP examinations provide varying consumer behavior based on expected benefits of surcharges, types of surcharges, and familiarity with PP (Greenhalgh & Drayer, 2020; Marquez et al., 2020; Won & Shapiro, in press-a). Due to little attention paid to PP studies in sports, there are various factors that should be addressed, which is discussed in section 2.5.5.2.

2.5.5.1 PUBLISHED PARTITIONED PRICING STUDIES IN SPORT

Given the fees charged through ticket purchases, Marquez et al. (2020) examined consumer perceptions of convenience fees on mobile ticketing. Although convenience fees are an extra expenditure, ticket purchasers perceive the fees enable instant and easy ticketing process (Marquez et al., 2020). The convenience of mobile ticketing reduces cumbersome of carrying cash and frustration of waits in a line for ticket purchase on a game day, which increases the likelihood of using mobile ticketing again (Marquez et al, 2020).

In addition, positive perceptions of additional fees are maximized when the fees are related to social causes that ticket buyers have high interests (Greenhalgh & Drayer, 2020). For instance, sport consumers have higher willingness to pay additional money for a facility remodeling fee that helps implement sustainability features in a sport stadium (Greenhalgh & Drayer, 2020). Willingness to pay is even greater for those who have high interests in protecting nature (Greenhalgh & Drayer, 2020). This is due to their interests in supporting environmental initiatives and pursuing eco-friendly products (Greenhalgh & Drayer, 2020; Trendafilova, 2011) and their perception that the environmental efforts

are essential for sport organization operations (Blankenbuehler & Kunz, 2014; Trendafilova et al., 2013).

Moreover, the degree individuals are familiar with PP practices influence perceived offer attractiveness and purchase intention (Won & Shapiro, in press-a). For instance, sport consumers in U.S. (where PP is prevalent) perceive PP as attractive and have higher purchase intention compared to consumers in South Korea (where AIP is prevalent) (Won & Shapiro, in press-a). However, through a comparison between PP and AIP, sport consumers perceive AIP more attractive and have higher likelihood of purchasing AIP offers compared to PP, regardless of their familiarity (Won & Shapiro, in press-a).

2.5.5.2 UNANSWERED PARTITIONED PRICING ASPECTS IN SPORT

Although sport consumers frequently encounter PP during ticket purchases on the secondary market, there have been inadequate PP studies. Hence, there are multiple aspects that should be examined in order to draw a comprehensive understanding on consumer responses to PP. The unanswered areas include fee sizes, types of surcharges, number of surcharges, place of purchase, timing of purchase, gift giving, and surcharge transparency.

First, price level of the base price of sport event tickets is important, because the base price of tickets varies by factors such as seating location, opponent, day of the event, and teams/leagues (Rishe & Mondello, 2004; Paul & Weinbach, 2013; Shapiro & Drayer, 2014). Hence, an investigation of the base price will broaden the understanding on consumer response towards varying price levels, which has not been examined within the context of sports. In addition, an examination of the magnitude of surcharges is important

since each surcharge in the secondary market differs in size (e.g., a fixed $2.5 fulfillment fee, a service fee costing 30% of a base price). For instance, when a single event ticket costs $100, a fulfillment fee could be $2.50, while a service fee could be up to $30.

Second, secondary markets charge different types of surcharges that prices are fixed (e.g., fulfillment fees, order processing fees) or relative to the base price (e.g., services fees). Although consumer sensitivity to differing price levels of surcharges may vary, it is unknown how consumers behave to different types of surcharges on the secondary markets.

Third, the number of surcharges being charged during the online booking process provides a vital future research opportunity as each online booking platform charges different number of surcharges. For instance, in a ticket purchase situation, while Ticketmaster and StubHub charge two additional fees (e.g., order processing fee, service fee, fulfillment fee), Viagogo and SeatGeek charge one fee (e.g., booking fee).

Fourth, timing of purchase becomes a central measure within spectator sports, since ticket prices fluctuate over time (Shapiro & Drayer, 2012). Once the time gets closer to the day of an event, ticket prices become larger (or smaller), which differs purchase behaviors (Dwyer et al., 2013). Hence, an examination of the effects of time on consumer behaviors towards PP is a pragmatic direction for future research.

Fifth, in a situation where consumers purchase event tickets, tickets can be purchased online by a third party on the secondary market or at the event location by an event organizer. According to Lee and Han (2002), negative consumer attitudes towards surcharges charged in the secondary market will not impact consumer attitudes towards a sport franchise. However, it is important to note that sport franchises and/or leagues have

partnerships with the secondary market platforms to grant ticket users to resell their unused tickets and buyers to purchase tickets (Courty & Davey, 2020; Drayer & Shapiro, 2011; Dwyer et al., 2013; Shapiro & Drayer, 2012). Due to the partnerships between secondary platforms and sport franchises, negative perceptions on surcharges may influence their attitudes towards the franchises or the event itself, contradicting Lee and Han's (2002) argument. Therefore, future research should focus on examining consumer attitudes and behaviors towards sport teams when purchasing event ticket through the secondary market that uses PP.

Sixth, in ticket purchase situations, consumers purchase a single ticket for themselves or more than one tickets to enjoy the event with a friend, significant other, or family (Fink et al., 2002). Hence, the effectiveness of PP for event tickets may vary dependent upon the number of tickets purchased and the subject whom consumers buy the tickets for. Future research should address and examine the gift giving effect of ticket purchases among sport consumers.

Lastly, in their experiment with StubHub, Blake et al. (2018) found consumers are more likely to purchase tickets with hidden surcharges on the secondary market, which increases sales revenues by 20%. Due to the recent policy change within the resale companies to disclose all fees up-front to protect consumers, an examination of surcharge presentations (i.e., surcharge transparency) has become particularly essential (Thompson, 2020).

Given the importance of an investigation of PP in ticket purchases, this proposed study focuses on examining surcharge transparency with two different types of

surcharges: fulfillment fees that are fixed and service fees that change depending on the base price.

2.6 HYPOTHESES DEVELOPMENT

Purchase behaviors (e.g., search intention, purchase intention) may vary dependent upon individuals' perception of price acceptability, which is measured by the price range between the maximum and the minimum amount consumers are willing to pay (Lichtenstein et al., 1988; Xia & Monroe, 2004). Within PP, a base price of a product may fall within an acceptable price range, but the total cost exceeds that range. Due to multiple price elements, purchase decisions may vary depending on the difference between an acceptable price range and a total price of a product (base price and surcharges). For instance, when the total price of a product is below the maximum amount, consumers consider the price as acceptable and are likely to purchase the product (Ariely et at., 2003; Guiltinan, 1987; Jedidi & Zhang, 2002). However, in a circumstance where a base price is reasonable but the total price exceeds an acceptable amount, purchase decisions can be ambiguous and extant research has not investigated the differences of price acceptability for a base price and a total price. Thus, future research should examine the effects of price acceptability for a base price and a total price on search intention and purchase intention. The following hypotheses were developed based on the previous literature.

Hypothesis 1a: When the total price of a product falls within an acceptable price range, search intention decreases.

Hypothesis 1b: When the total price of a product falls within an acceptable price range, purchase intention increases.

Within ticket sales, several major secondary ticket firms (StubHub, Ticket Master, and AXS) announced they would disclose all surcharges upfront to abide by the federal mandate to avoid hidden fees from consumers (Thompson, 2020). For instance, StubHub provides two options for their ticket buyers to choose whether they want to see only a base price (i.e., hidden surcharges) or the total price firsthand (i.e., transparent surcharges). On the other hand, Ticketmaster indicates that there are estimated fees when showing a base price (i.e., notification of surcharges). However, despite the federal mandate, not all secondary ticket firms plan to reveal any fees upfront (Thompson, 2020). Thus, an examination of consumer response to hidden versus transparent surcharges in PP becomes imperative to learn whether transparent surcharges reduce complaints, increase purchase intentions, and prevent from searching for a better price. Despite importance of examining hidden versus transparent surcharges, consumer responses to various surcharge effects are still unknown within the context of sport spectatorship. Hence, it is unknown whether transparent surcharges generate negative effects of PP among sport consumers. Therefore, the following hypotheses were developed to test this proposition on the previous literature claiming hidden surcharges generate positive impacts (Chetty et al., 2009; Dertwinkel-Kalt et al., 2020; Morwitz et al., 1998; Taubinsky & Rees-Jones, 2018).

Hypothesis 2a: Hidden surcharges decrease surcharge sensitivity compared to transparent surcharges or notification of surcharges.

Hypothesis 2b: Transparent surcharges decrease surcharge acceptability compared to notification of surcharges or hidden surcharges.

Hypothesis 2c: Hidden surcharges decrease surcharge skepticism compared to transparent surcharges or notification of surcharges.

Hypothesis 3a: Hidden surcharges decrease search intention compared to transparent surcharges or notification of surcharges.

Hypothesis 3b: Hidden surcharges increase purchase intention compared to transparent surcharges or notification of surcharges.

Although individuals frequently encounter service fees and fulfillment fees when purchasing event tickets through the secondary market, they have complained about the surcharges (being hidden) (Thompson, 2020). As a couple of major secondary ticket platforms (e.g., StubHub, Ticketmaster) have modified their pricing policy to disclose surcharges upfront (Thompson, 2020), it is crucial to examine how surcharge sensitivity changes from transparent fees to hidden fees. Hence, the following hypotheses were developed based on the reviews of the literature.

Hypothesis 4a: Surcharge sensitivity decreases search intention for transparent surcharges.

Hypothesis 4b: Surcharge sensitivity increases purchase intention for transparent surcharges.

When consumers purchase live event tickets through the secondary markets, they frequently see additional fulfillment fees and/or service fees to a base price of a ticket, which are beneficial to the ticket sellers. Advised by attribution theory, their purchase intention becomes higher when they acknowledge their choice of purchasing tickets online results in the additional fees being charged online (e.g., service fee) compared to a ticket purchase from the ticket office (Abraham & Hamilton, 2018; Greenleaf et al.,

2016; Xia & Monroe, 2004). Hence, the surcharges become acceptable, which reduces skepticism about the existence of surcharges (Xia & Monroe, 2004). Since it is known that consumers become more likely to purchase a product when surcharges are hidden (versus transparent) (Chetty et al., 2009; Dertwinkel-Kalt et al. 2020; Morwitz et al., 1998; Taubinsky & Rees-Jones, 2018), it is assumed that their search intention and purchase intention vary contingent upon surcharge transparency. Hence, the following hypotheses were proposed to test this assumption.

Hypothesis 5a: Surcharge acceptability decreases search intention for hidden surcharges.

Hypothesis 5b: Surcharge acceptability increases purchase intention for hidden surcharges.

Hypothesis 6a: Surcharge skepticism increases search intention for transparent surcharges.

Hypothesis 6b: Surcharge skepticism decreases purchase intention for transparent surcharges.

2.7 SUMMARY

This chapter has provided a thorough review of the sport pricing, attribution theory, and PP literature, which is the basis of this study. The comprehensive review has shown the importance of studying consumer responses to PP based on price acceptability and surcharge transparency, which is crucial amidst the pandemic that prevented the resale companies from selling tickets with the changed pricing policy. Based on the review of literature, two hypotheses relevant to purchase behavior by price acceptability (hypotheses 1a and 1b), three hypotheses on surcharge perceptions by surcharge

transparency (hypotheses 2a, 2b, and 2c), two hypotheses on purchase behavior by surcharge transparency (hypotheses 3a and 3b), and six hypotheses on purchase behavior moderated by surcharge perceptions (hypotheses 4a, 4b, 5a, 5b, 6a, and 6b) were developed. The following chapter discusses research design, data collection, and data analysis to test the proposed hypotheses.

CHAPTER 3

METHODOLOGY

Chapter 2 provided a thorough overview of consumer responses to ticket pricing and PP. To accomplish the purpose of this study and fill the research gaps that are presented in Chapter 1, Chapter 3 focuses on the research design used to test the proposed hypotheses.

3.1 RESEARCH DESIGN

Scholars who examine sport consumer behavior and pricing have addressed survey data using experimental designs is appropriate to obtain consumer responses to price information (Drayer & Rascher, 2011). Particularly, an experimental between-subjects design explains consumer behavior by treatments, as it ensures each subject to be randomly exposed to one particular treatment (Charness et al., 2012). In fact, recent pricing studies have conducted this research method to examine sport consumer responses (e.g., Dwyer et al., 2013; Shapiro, Drayer, & Dwyer, 2016; Shapiro, Dwyer, & Drayer, 2016; Reese, 2012). Hence, this study employed a between-subjects design with four groups (no fees vs. transparent fees vs. a notification of fees vs. hidden fees). Of the four groups, the no fee group served as a control group (i.e., AIP), and the three remaining groups served as a PP format with three different surcharge presentations (transparent fees vs. notification of fees vs. hidden fees).

The examination of this design had three main goals. First, a general examination of consumer behavior (search intention and purchase intention) towards PP and AIP was

provided within the context of sport event tickets. Second, this study investigated the role price acceptability played in search intention and purchase intention towards PP. Since PP includes two price elements (the base price and the total price), price acceptability was categorized by the base price as well as the total price in order to efficiently understand consumer responses to PP components. Third, in response to a recent change in the secondary market, surcharge transparency was examined to explain surcharge perceptions (sensitivity, acceptability, and skepticism) and purchase behaviors (search intention and purchase intention). Hence, it elucidated causal explanations of surcharge presentation to consumer responses (e.g., purchase behavior) through this experimental design.

3.2 RESEARCH CONTEXT

To understand the effects of surcharge presentations on the secondary market, an MLB game was used as the research context since it has been commonly used as the research context in order to understand ticket purchase behaviors through secondary markets (e.g., Courty & Davey, 2020; Sweeting, 2012). In fact, MLB has established the longest partnership with secondary markets among various professional leagues in the U.S. (Courty & Davey, 2020). Furthermore, ticket resale companies typically charge 20-40% of the base price of tickets as service fees and $2.00-$2.50 per ticket as fulfillment or order processing fees (Goldberg, 2019; Tiffany, 2019). Thus, in order to draw realistic consumer perceptions of surcharges and purchase behaviors, the survey scenarios contained two common surcharges: a service fee (25% of a ticket base price) and a fulfillment fee (a fixed amount of $2.50).

Given the current COVID-19 pandemic, it was important to acknowledge unexpected factors that could potentially influence consumer responses. For instance, the Opening Day of MLB games for the 2020 season was moved to July of 2020 from March of 2020 due to the COVID-19 outbreak in the U.S. (Adler et al., 2020). Although the live games were still taking place, no fans were allowed to attend the regular season games in-person (Perry, 2020). Hence, the potential risks brought by the pandemic when attending live events may significantly impact purchase decisions in a hypothetical situation within an online survey, even though MLB has recently allowed a limited number of fans to watch the postseason games in person (Apstein, 2020). Therefore, in order to reduce this unwanted impact on consumer behavior, the online scenarios encouraged participants to envision purchase transactions for the MLB games for the future season disregarding the COVID-19 pandemic situation when, ideally, no risks (i.e., virus spread) of attending in-person events are a concern.

3.3 PARTICIPANTS

The target population for this study was avid sport consumers over 18 years old who actively attend sport games on-site and/or watch the games through mediated channels. In order to effectively examine the impacts of surcharge presentation using an MLB game as the research context, the author decided the sampling frame of this study was avid sport fans of MLB. In particular, to ensure participants were avid fans and to find the optimal marketing strategy of surcharge presentations among them, it was necessary to limit the sample for those who reside in the U.S. and have frequently attended baseball games or watched them through mediated channels during the 2019 season. An online survey was developed on Qualtrics and included filtering questions to

ensure participants met the qualifications of survey participation. The qualified participants must agree to participate in the online survey and self-identify as sport fans.

Additionally, data collection through online surveys enables an easy manipulation of treatments, an easy access for participants, an instant data gathering, and control over survey format (Granello & Wheaton, 2004). Hence, scholars have investigated sport consumer behavior towards pricing through online surveys (e.g., Drayer et al., 2018; Drayer & Shapiro, 2011; Dwyer et al., 2013; Kaiser et al., 2018; Shapiro, Drayer, & Dwyer, 2016; Shapiro, Dwyer, & Drayer, 2016). As one of online survey platforms, Amazon Mechanical Turk (MTurk) has been widely used by researchers who examine sport consumer behaviors (e.g., Asada & Ko, 2016, 2019; Kim et al., 2020; Won & Shapiro, in press-a, in press-b). Therefore, participants for this current study were recruited through MTurk since it allows researchers to collect demographically diverse data in a timely manner and eliminates researchers' interference with survey respondents (Buhrmester et al., 2011; Paolacci et al., 2010). However, it is important to note that data collection through MTurk contains some reliability and validity issues (Smith et al., 2016). For instance, respondents indicate their answers dishonestly to be qualified for participation (Hauser & Schwarz, 2016; Smith et al., 2016). Participants may not pay close attention to survey items in order to speed the survey process and to receive rewards upon completion (Hauser & Schwarz, 2016; Smith et al., 2016). Lack of attention throughout the survey results in unauthentic responses, which makes inclusion of attention questions crucial (Hauser & Schwarz, 2016; Smith et al., 2016). Hence, the online survey for this proposed study included multiple filtering questions. For instance, respondents were asked to choose which team won the 2019 World Series Championship

to ensure their association with MLB. A few items of selecting “Strongly Disagree” or “Strongly Agree” were added as attention checks.

A survey link was available to a sample on MTurk. Of the people accessed the survey, 575 respondents successfully passed attention checks and filtering questions along with participation qualifications. The qualified participants received $0.25 upon completion of the survey on MTurk. Among them, 28 duplicated responses were removed. The average age of participants (N = 547) was 36.7. Table 3.1 summarizes the demographic profile of the sample. Through randomization on Qualtrics, study participants were randomly assigned to one of four groups (approximately 140 participants in each group). In general, the minimum acceptable sample size per group is 30 subjects in experimental research (Gay & Diehl, 1992), and the large sample size is necessary for research whose parent population is global thus the need for an online survey (Isaac & Michael, 1995). In addition, the median sample sizes for online surveys within the sport pricing literature and the PP literature are approximately 135 and 116, respectively (e.g., Carlson & Weathers, 2008; Drayer et al., 2018; Dwyer et al., 2013; Hamilton & Srivastava, 2008). In fact, estimated by G*Power (Faul et al., 2007, 2009) for a commonly targeted power of 0.80 (Length, 2001), the ideal sample size was 105 in total (i.e. 27 per group) and the actual power was 0.80. Therefore, the power of 0.80 for this study is satisfactory, and having approximately 140 subjects in each group was reasonable to draw inferences about consumer responses to a ticket purchase circumstance.

Of the 547 participants, 309 (56.5%) watched at least one MLB game on-site during the 2019 season. On average, participants attended six MLB games and paid

approximately $220 per MLB game ticket. The median ticket price was $50. On average, participants watched 21 games on TV compared to live streaming services (9 games).

Table 3.1 *The Demographic Profile of Sample*

	N	Percentage
Gender		
Female	178	32.5%
Male	361	66.0%
Neither	5	0.9%
Did not specify	3	0.5%
Education		
High school or below	32	5.9%
College degrees	386	70.6%
Master's degree	113	20.7%
Doctoral degree	8	1.5%
Professional degree (e.g., MD, JD)	8	1.5%
Ethnicity		
Caucasian	390	71.3%
African American	42	7.7%
Native American	14	2.6%
Hispanic/Latino	39	7.1%
Asian/Pacific Islander	54	9.9%
Other	8	1.5%
Household Income		
Below $25,000	56	10.2%
$25,000-$50,000	123	22.5%
$50,001-$75,000	155	28.3%
$75,001-$100,000	82	15.0%
$100,001-$125,000	47	8.6%
$125,001-150,000	31	5.7%
$150,001 or over	44	8.0%
Did not specify	9	1.6%
Employment		
Employed full-time	401	73.3%
Employed part-time	63	11.5%
Unemployed (seeking a job)	18	3.3%
Unemployed (not seeking a job)	9	1.6%
Student	15	2.7%
Retired	12	2.2%
Self-employed	27	4.9%
Unable to work	2	0.4%

3.4 PROCEDURE AND INSTRUMENTATION

The online survey consisted of five parts with a total of 53 items. Part I included five items on demographics including age, gender, income, ethnicity, and education status. Part II consisted of seven items on the previous MLB consumption such as an average ticket price paid and the number of live streaming games.

In Part III, individuals first read a general scenario that they were asked to (a) envision a situation where they purchase two tickets for their favorite MLB team game and (b) choose their preferred seating location (upper vs. lower seats in the home team dugout, visiting team dugout, and home plate areas; see Appendix A). The selection of the seats was included to control their preference for seat location with two ticket levels. Base prices for the two levels were $65 for standard seats (200 levels) and $110 for premium seats (100 levels) with total prices of $168 for standard seats and $280 for premium seats (see Appendix A for price breakdowns). The two price levels were selected for 200 and 100 level seats through a calculation of the average base price of MLB games that were available on Ticketmaster. With their selection of seats, respondents indicated the maximum ticket amount they felt was acceptable using a 1-item open-ended question, adapted from Lichtenstein et al. (1988).

Afterward, participants were randomly assigned into four scenario groups (no surcharge, transparent fees, notification of fees, and hidden fees; see Appendix A). Participants who were randomly assigned to group 1 (n = 140) read a scenario where all price components were combined in one price and no further price information was provided. Group 1 served as a control group (or an AIP group). Participants in group 2 (n = 132) reviewed a scenario that revealed the total cost on the first page. On the second

page, participants saw price breakdowns of the base price, two surcharges, and the total cost. Group 3 (n = 137) was provided a scenario where the first page of ticket purchase indicated a base price and a notification of additional fees ("+ fees"). The second page of the scenario revealed price breakdowns about how much each surcharge cost as well as the total price. Lastly, participants in group 4 (n = 138) were only exposed to a base price of event tickets on the first page. Each price component was disclosed afterward (see Appendix A for specific scenarios).

In Part IV, the respondents indicated their surcharge perceptions for fulfillment fees on 14 items and services fees on another 14 items through three following constructs. Surcharge sensitivity and acceptability about a fulfillment fee and a service fee were assessed on a 4-item scale and a 5-item scale, respectively (Xia & Monroe, 2004). Surcharge skepticism was tested on a 5-item scale adapted from Schindler et al. (2005). These three constructs were measured on 7-point Likert scales, ranging from *strongly disagree (1)* to *strongly agree (7)*, and included items that were reverse coded (see Appendix B).

Part V consisted of eight items on purchase behaviors. Search intention was measured on a 3-item, 7-point Likert scale, ranging from *very unlikely (1)* to *very likely (7)* (Lichtenstein et al., 1991; Xia & Monroe, 2004). Purchase intention was measured on a 5-item, 7-point Likert scale, ranging from *strongly disagree (1)* to *strongly agree (7)* adapted from Dodds et al. (1991) (see Appendix B). Figure 3.1 illustrates the sequence of the online survey.

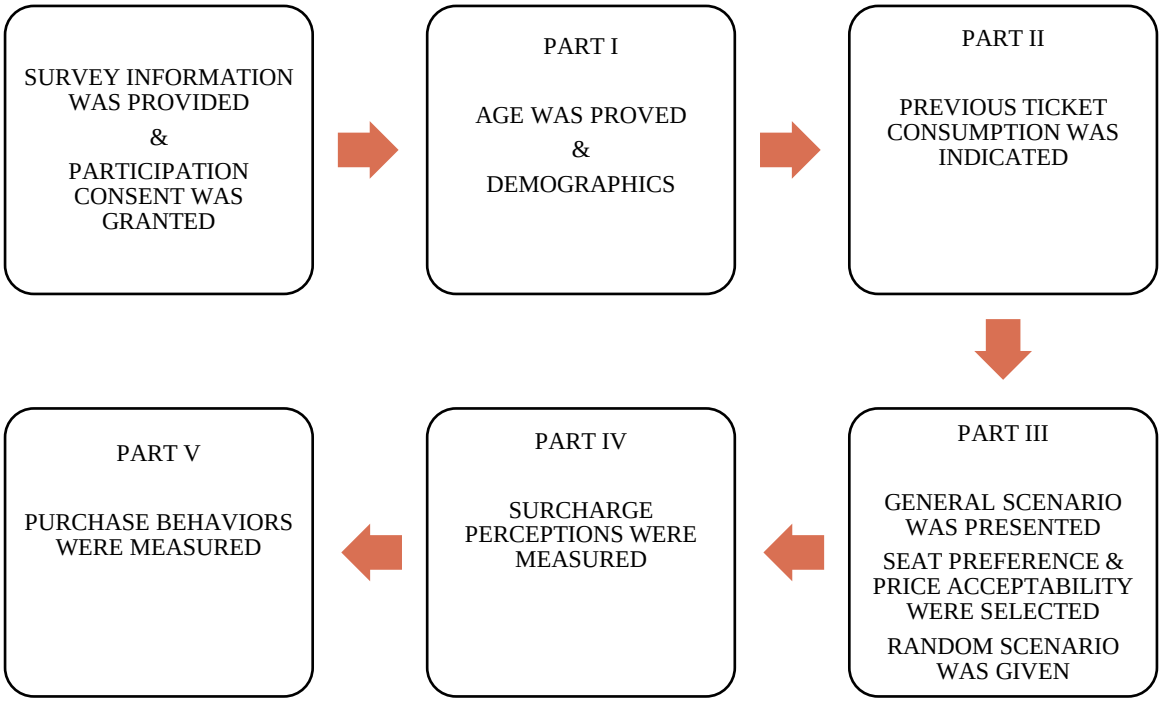


Figure 3.1 *Survey Procedures*

3.5 DATA ANALYSIS

To test the hypotheses, four multivariate analyses of covariances (MANCOVAs) were used. The rationale behind using MANCOVA was that it is a suitable model for studies that contain moderately correlated multiple dependent variables (DVs) with covariates (Tabachnick & Fidell, 2007). For all four MANCOVAs, income levels, employment status, previous MLB consumption (e.g., number of tickets purchased, an average ticket price paid), and an attachment to the MLB league were included as control variables to minimize any unwanted impacts of other factors on consumer responses. Due to multiple tests that examined identical DVs (search intention and purchase intention), a Bonferroni adjustment was used to adjust for familywise error (Ott & Longnecker, 2015).

The first MANCOVA measured search intention (for the hypothesis 1a testing) and purchase intention (for the hypothesis 1b testing) influenced by price acceptability.

Hence, for this model, price acceptability was included as an independent variable (IV). Price acceptability was used as a categorical variable (Below, Within, and Above) through a comparison between the acceptable price amount and the ticket price (a base price vs. the total cost). “Below” indicated individuals’ price acceptability was below the base price. “Within” indicated price acceptability was equal to or above the base price but below the total cost. “Above” indicated price acceptability was equal to or above the total cost of tickets. However, since the AIP group did not have a price breakdown like PP groups, price acceptability for participants in the AIP group (or group 1) was recoded as Below/Within (below the total ticket price) or Above (equivalent to or above the total price). In addition, price format (PP vs. AIP) was included as a potential moderator to describe its impact on the relationship between price format (AIP vs. PP) and purchase behaviors. As the initial price conditions had four groups (AIP, transparent fees, notification of fees, and hidden fees), groups with surcharge displays were categorized as PP for this examination. Two analyses of variances (ANOVAs) were used as a post hoc test to determine significant differences in each DV between three price acceptability groups (Below, Within, and Above) within the price format. Estimated marginal means provided the further results of significant interaction effects of price format and price acceptability. Using a Bonferroni adjustment, a significance level was adjusted to 0.017 for the interaction effects of price acceptability and price format.

The second MANCOVA was used to assess surcharge sensitivity (hypothesis 2a), surcharge acceptability (hypothesis 2b), and surcharge skepticism (hypothesis 2c) affected by surcharge transparency. Since group 1 (AIP) was not exposed to surcharges, they did not measure their surcharge perceptions. Hence, the surcharge format of three

styles (transparent vs. a notification vs. hidden surcharge) was included as an IV. Three ANOVAs were used as a post hoc test to determine significant differences in each of the DVs between the four surcharge groups.

The third MANCOVA tested the main effects of surcharge presentations on search intention (hypothesis 3a) and purchase intention (hypothesis 3b). Thus, surcharge format (no surcharge vs. transparent vs. a notification vs. hidden surcharge) was included as an IV. In order to determine significant differences in each DV between the four groups of surcharge transparency techniques, two ANOVAs were employed.

Since a control group was not exposed to surcharge perception measurements due to not revealing surcharges in the online survey, the author conducted the fourth MANCOVA to test the interaction effects of surcharge perceptions on search intention (for hypotheses 4a, 5a, and 6a) and purchase intention (for hypotheses 4b, 5b, and 6b). Thus, surcharge format was included as an IV, and three surcharge perceptions were added to test moderating effects. An inclusion of continuous variables as moderators may cause a reader's confusion in understanding the interaction effects due to infinite values (DeCoster et al., 2011), including an ineffective illustration of the effects that sport professionals could utilize to develop an optimal marketing strategy. Dichotomizing continuous variables into high and low places equivalent sample sizes for each group (DeCoster et al., 2011) and efficiently describes group differences of interaction effects (Schindler et al., 2005), such as how purchase intentions differ by high and low surcharge sensitivity groups for transparent versus hidden fees. Hence, three moderators (i.e., surcharge sensitivity, acceptability, and skepticism) were developed as categorical variables (High/Low) through a median split. In addition, two ANOVAs and estimated

marginal means were considered to determine significant differences in each DV between two groups (High and Low) of surcharge perceptions within four surcharge transparency techniques. Using a Bonferroni adjustment, a significance level was adjusted to 0.017 for the interaction effects of surcharge perceptions and surcharge transparency.

3.6 SUMMARY

This chapter has provided a description of the research design that justified the use of an experimental between-subject design and an MLB game as a research context. The data from a total of 547 participants was collected on MTurk, and participants were randomly assigned to one of four surcharge presentation styles. With the use of MANCOVAs for data analysis, the following chapter presents empirical results of hypotheses testing.

CHAPTER 4

RESULTS

Chapter 4 provides a detailed overview of data analyses used to test the proposed hypotheses. Initially, the results of the first MANCOVA that examined purchase behaviors based on price presentation (AIP vs. PP) and price acceptability are presented. Second, this chapter describes the levels of perceptions generated by different surcharge formats (transparent fees vs. notification of fees vs. hidden fees) that are currently employed in the secondary ticket market. Third, the author illustrates the third MANCOVA testing that investigated purchase behaviors towards fee presentations. Lastly, the moderating effects of surcharge perceptions are described through the fourth MANCOVA analysis. Post hoc analyses are presented for significant MANCOVA tests.

4.1 PURCHASE BEHAVIOR BY PRICE ACCEPTABILITY

The first MANCOVA tested hypotheses 1a and 1b which proposed that when price level (the total price) is acceptable, search intention decreases and purchase intention increases, controlling for previous MLB consumption (e.g., number of games attended), MLB league identification, income, and employment status.

The level of individuals' price acceptability did not significantly influence respondents' search intention, therefore, this result did not support hypothesis 1a. However, the level of price acceptability significantly influenced purchase intention $F(2,547) = 21.752$, $p = 0.000$, $\eta^2 = 0.075$. The larger the individual's level of price acceptability (i.e., price acceptability above the total price), the higher their purchase

intentions (see Figure 4.1). A post hoc ANOVA test provided significant differences between three price acceptability levels. The group above the price acceptability threshold (i.e., above the total price) had significantly higher purchase intention than the within the threshold group ($p_{\text{within vs. above}} = 0.000$) and below the threshold group ($p_{\text{below vs. above}} = 0.000$). Also, the within the threshold group had significantly higher purchase intention compared to the below the threshold group ($p_{\text{below vs. within}} = 0.003$). Thus, this result supported hypothesis 1b.

Covariates appearing in the model are evaluated at the following values: number of games attended = 3.30, average ticket price paid = $220.38, income = 3.47, employment status = 1.77, MLB league identification = 4.52.

Figure 4.1 *Increased Purchase Intentions by the Level of Price Acceptability*

In addition, this MANCOVA model conducted further investigation of the potential moderator of price format (AIP vs. PP) to disclose whether price acceptability plays a bigger role in AIP or PP. The interaction between price format and price acceptability was significant for search intention $F(1,547) = 14.064$, $p = 0.000$, $\eta^2 = 0.026$. As shown in Table 4.1, the higher level of price acceptability reduced search

intentions, and this decrease was steeper for the AIP ticket offer group. Interestingly, in a PP ticket offer, search intention was diminished then increased once price acceptability was above the total ticket price (see Table 4.1). The moderating effects of price acceptability on the relationship between price format and purchase intention were also significant $F(1,547) = 10.052$, $p = 0.002$, $\eta^2 = 0.018$. Individuals' intentions to purchase the tickets were enhanced once their acceptable prices exceeded the base price and/or the total price of tickets (see Table 4.1). This increase was sharper for an AIP offer. Overall, among participants who had price acceptability higher than the total price, the AIP ticket offer diminished search intention and increased purchase intention compared to the PP ticket offer.

Table 4.1 *Search Intention and Purchase Intention by Price Format (AIP vs. PP)*

	Search Intention		Purchase Intention	
	M	*SD*	*M*	*SD*
AIP (Group 1)				
Price Acceptability (Below/Within)	5.811[a]	0.108	3.942[a]	0.131
Price Acceptability (Above)	4.991[a]	0.230	5.380[a]	0.280
PP (Groups 2 – 4)				
Price Acceptability (Below)	5.939[a]	0.071	3.895[a]	0.086
Price Acceptability (Within)	5.536[a]	0.126	4.639[a]	0.153
Price Acceptability (Above)	5.933[a]	0.157	4.824[a]	0.191

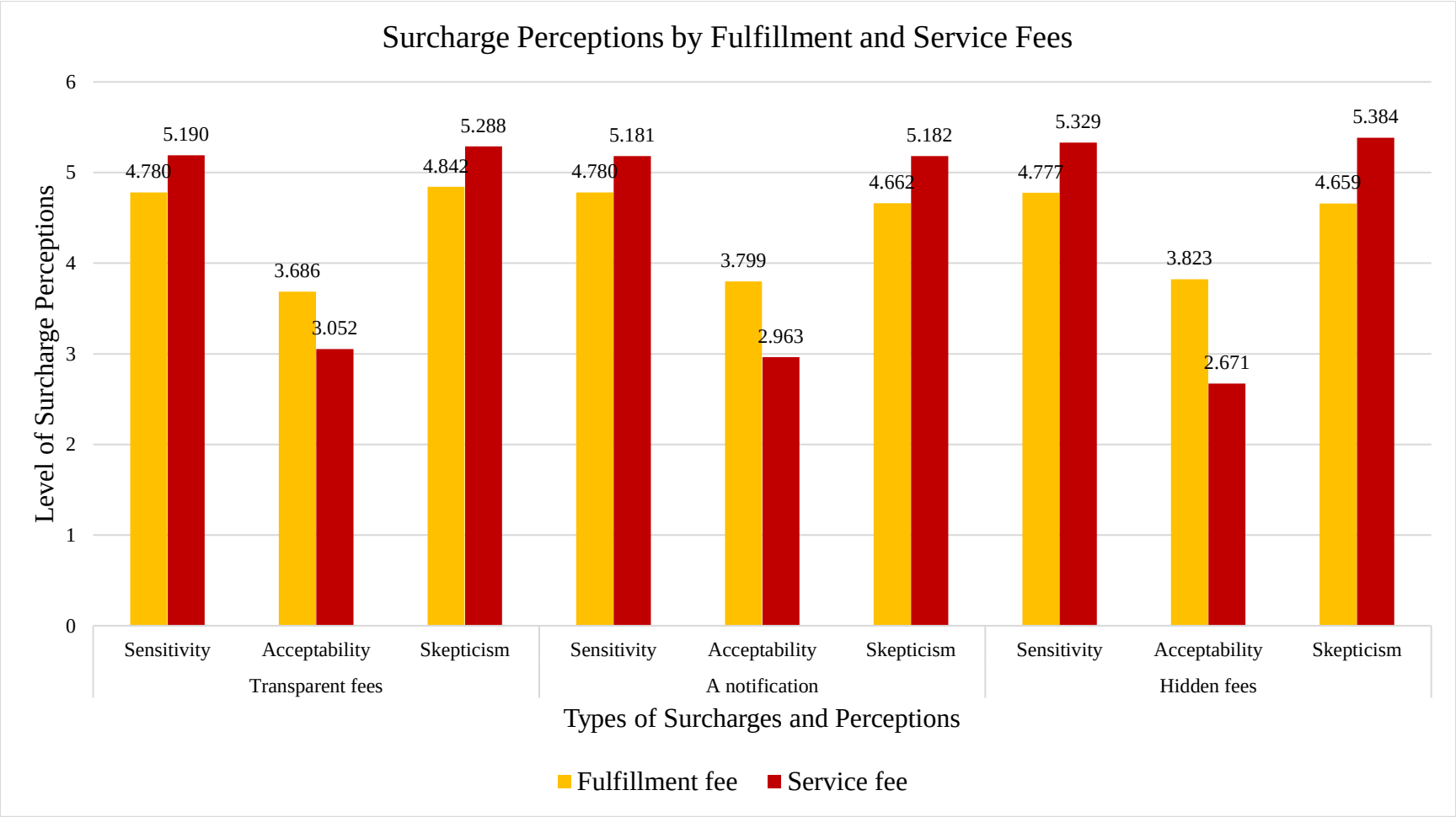
a. Covariates appearing in the model are evaluated at the following values: number of games attended = 3.30, average ticket price paid = $220.38, income = 3.47, employment status = 1.77, MLB league identification = 4.52.
Note. Due to no price breakdowns in AIP, price acceptability was categorized as below or above the total price, while price acceptability in PP had three categories (below the base price, within the base price and total price, and above the total price).

4.2 SURCHARGE PERCEPTIONS BY SURCHARGE FORMAT

The second MANCOVA examined hypotheses 2a, 2b, and 2c which proposed that the presentation of surcharges (transparent fees, fee notification, hidden fees) would result in differing levels of surcharge sensitivity, acceptability, and skepticism,

controlling for several variables (e.g., an average ticket price paid, income, employment status). Specifically, transparent presentation of fees was expected to increase sensitivity and skepticism, while decreasing acceptability. Contrary to the proposed postulations, the effects of the fee presentation were not found to be significant in individuals' perception of sensitivity, acceptability, and skepticism to surcharges. Therefore, hypotheses 2a through 2c were not supported. In general, participants were certainly sensitive and/or skeptical to surcharges rather than perceiving the fees as acceptable (see Figure 4.2).

Additionally, this MANCOVA further examined the effects of fee size (fulfillment versus service fees) on surcharge perceptions (surcharge sensitivity, surcharge acceptability, and surcharge skepticism), since these two (common) fees were added to the ticket prices during the online survey. Individuals' level of sensitivity, acceptability, and skepticism to fulfillment fee ($2.50 per ticket) did not differ based on the style the fees were presented. Likewise, for the service fee (25% of the base price), the impacts of surcharge presentation on sensitivity and skepticism were not significant but acceptability was $F(2,547) = 3.376$, $p = 0.035$, $\eta^2 = 0.017$. A post hoc ANOVA test showed significant differences in surcharge acceptability between transparent vs. hidden fees ($p_{\text{transparent(S) vs. hidden(S)}} = 0.014$). Transparent surcharges generated the highest surcharge acceptability, followed by a notification of fees and hidden fees ($M_{\text{transparent(S)}} = 3.052$, $M_{\text{notification(S)}} = 2.963$, $M_{\text{hidden(S)}} = 2.671$). Additionally, Figure 4.2 shows service fees generated higher levels of surcharge sensitivity and skepticism and lower levels of surcharge acceptability compared to fulfillment fees.



Covariates appearing in the model are evaluated at the following values: number of games attended = 3.35, average ticket price paid = $277.46, income = 3.49, employment status = 1.80, MLB league identification = 4.50.

Figure 4.2 *Varying Levels of Surcharge Perceptions by Fulfillment and Service Fees*

4.3 PURCHASE BEHAVIOR BY SURCHARGE FORMAT

The third MANCOVA investigated hypotheses 3a and 3b that projected hidden surcharges would decrease search intention and increase purchase intention, controlling for financial status (e.g., income), previous MLB consumption (e.g., number of games attended), and MLB league identification. The effects of various surcharge format were not significant on either search intention or purchase intention. Thus, these findings rejected hypotheses 3a and 3b. In addition, Table 4.2 describes study participants generally had relatively higher search intention for all types of surcharge format than purchase intentions.

Table 4.2 *Search Intention and Purchase Intention by Surcharge Presentation*

	Search Intention		Purchase Intention	
	M	*SD*	*M*	*SD*
No fees	5.666[a]	0.099	4.195[a]	0.124
Transparent fees	5.818[a]	0.102	4.171[a]	0.128
A notification of fees	5.808[a]	0.100	4.205[a]	0.126
Hidden fees	5.936[a]	0.100	4.150[a]	0.125

a. Covariates appearing in the model are evaluated at the following values: number of games attended = 3.30, average ticket price paid = $220.38, income = 3.47, employment status = 1.77, MLB league identification = 4.52.
Note. Search intentions and purchase intentions were measured on 7-point scales.

4.4 PURCHASE BEHAVIOR BY SURCHARGE FORMAT AND PERCEPTIONS

The fourth MANCOVA tested hypotheses 4a through 6b which proposed that surcharge sensitivity, acceptability, and skepticism significantly differ purchase behaviors (search and purchase intention) towards surcharges presentations (transparent fees vs. notification of fees vs. hidden fees). To avoid unexpected impacts from other factors, this model controlled previous MLB consumption (e.g., average ticket price), MLB league identification, income, and employment status.

Contrary to hypotheses 4a and 4b, individuals' level of surcharge sensitivity did not moderate the relationship between surcharge presentation and purchase behavior (i.e., search and purchase intention). Disagreeing with what was proposed in hypotheses 5a and 5b, the interaction effects of surcharge acceptability and presentation on search intention and purchase intention were not significant. Likewise, contrary to hypotheses 6a and 6b, surcharge skepticism did not moderate the relationship between surcharge presentation and purchase behavior (i.e., search intention, purchase intention). Therefore, hypotheses 4a through 6b were all rejected.

4.5 SUMMARY

Chapter 4 presents the results of hypotheses testing through four MANCOVA models. The first MANCOVA proposed there were nonsignificant effects of price acceptability on search intention, but it significantly impacted purchase intention. The results from the second MANCOVA were not significant, thus, no relation was found between surcharge transparency (transparent fees vs. a notification of fees vs. hidden fees) and surcharge perceptions (e.g., sensitivity, acceptability, skepticism). The third MANCOVA was also not significant regarding purchase behavior based on surcharge transparency (no fees vs. transparent fees vs. a notification of fees vs. hidden fees). Lastly, the fourth MANCOVA tested for the moderating impacts of surcharge perceptions on purchase behavior, which were found to be nonsignificant.

The following chapter discusses the implications of these findings and the rationale behind the results. Subsequently, theoretical and managerial contributions of this study are provided, along with directions for future study that are associated with acknowledged limitations and delimitations of this study.

CHAPTER 5

GENERAL DISCUSSION AND IMPLICATIONS

Chapter 4 described the outcomes of the hypotheses that were developed in Chapter 2. The analysis was conducted utilizing an online survey, in which participants were randomly assigned to various surcharge presentation conditions. The analysis shed light on interesting results illustrated in Tables 4.1 and 4.2 and Figures 4.1 and 4.2. Particularly, results confirmed hypothesis 1b, but not hypothesis 1a or hypotheses 2a through 6b. Chapter 5 discusses these findings and highlights the theoretical and managerial implications of this study. As an extension of sections 1.4 (Limitations) and 1.5 (Delimitations), this chapter also provides direction for future study.

5.1 DISCUSSION OF RESULTS

5.1.1 PURCHASE BEHAVIORS BY PRICE ACCEPTABILITY

Findings from this study provided insight regarding price acceptability. The result of hypothesis 1a showed the level of price acceptability (for a base price and total cost) did not affect search intention, which adds additional finding to the PP literature concerned with search intention (e.g., Lichtenstein et al., 1988; Xia & Monroe, 2004). The role of search intention in this scenario warrants further discussion. For instance, it may be that once the base price of a ticket falls within an individual's acceptable price range, the impacts of price acceptability on search intention become minimal (Drayer et al., 2018). This could be due to the common trend of browsing multiple sources before purchasing e-commerce (Drayer et al., 2018; Dwyer et al., 2013; Xia & Monroe, 2004).

Hence, search intentions on the secondary market are generally high regardless of ticket prices.

The result from hypothesis 1b showed that when the maximum amount participants were willing to pay for a sport ticket exceeded the total cost of the ticket, they were more likely to purchase at the offer price (see Figure 4.1). This finding is consistent with previous studies (Ariely et al., 2003; Jedidi & Zhang, 2002) and advances the literature with additional evidence that purchase intention differs based on price acceptability to a base price and a total price. As previously discussed, the amount individuals must pay for a product is considered a financial sacrifice (Völckner, 2008). Hence, once ticket prices exceed the amount individuals believe as acceptable, they perceive they are making a loss in the transaction. Thus, in a situation where price acceptability is lower than the ticket price, the likelihood of purchasing the tickets is reduced.

In addition, through further examination of the interaction effects between price format (AIP vs. PP) and price acceptability, it is worth noting participants with higher price acceptability were less likely to search for cheaper prices and more likely to purchase the tickets when they did not see price breakdowns (i.e., AIP; see Table 4.1). This finding is consistent with previous studies claiming consumers prefer AIP over PP (Burman & Biswas, 2007; Morwitz et al., 1998; Lee & Han, 2002; Won & Shapiro, in press-a). Even though the total price of AIP and PP is equivalent (Burman & Biswas, 2007), individuals perceive multiple price components in PP as additional financial losses (Völckner, 2008), becoming more sensitive to PP offers but less sensitive to AIP.

Therefore, when consumers have the same level of price acceptability, their purchase behavior becomes more favorable to AIP compared to PP.

5.1.2 SURCHARGE PERCEPTIONS BY SURCHARGE FORMAT

The lack of support for hypotheses 2a through 2c may be explained by several reasons: (a) different styles displaying surcharges on the secondary market; (b) a COVID-19 pandemic and data collection; and (c) attributions about surcharge existence. Surcharge presentation perhaps had no effect on surcharge perceptions given the fact resale platforms employ various surcharge presentation styles during the online ticketing process. For instance, some platforms display the total cost of tickets firsthand, while others do not disclose estimated fees until consumers are ready to check out. Hence, once consumers browse different purchase platforms due to the growth of e-commerce (Xia & Monroe, 2004), they may remember that resale companies charge additional fees despite the fees being disclosed upfront or not. Thus, participants of this current study seemed to present similar surcharge sensitivity, acceptability, and skepticism regardless of how the surcharges were presented.

The data collection conducted amid the pandemic may also potentially influence participants to be less sensitive or skeptical to the surcharge format due to attendance restrictions. Although the online survey asked participants to envision a ticket purchase situation where no more COVID-19 risks exist, they might consider the hypothetical scenario less realistic. Hence, this perception may affect them not to display their ordinary surcharge sensitivity, acceptability, and skepticism.

Additionally, the high score of surcharge skepticism by consumers (Figure 4.2) illustrated the recognition of the purpose of resale fees, which is to provide an instant,

convenient ticketing service for the consumer (see Appendix B to review individual items of surcharge skepticism). According to attribution theory, the former (charging the fees to generate revenue) is associated with the negative attribution on the surcharge existence (Bambauer-Sachse & Mangold, 2010). The latter (charging the fees to provide the service) is related to the positive attribution (Greenleaf et al., 2016). That is, the high score of surcharge skepticism (Figure 4.2) claims sport consumers critically attribute the primary purpose and existence of surcharges, which makes them pay attention to all price components (i.e., a base price, surcharges). Accordingly, no difference is seen on individuals' perceptions of surcharges when they see (a) a base price only; (b) a base price with notification of "+ estimated fees"; or (c) the total cost with surcharges upfront. Therefore, although consumers become sensitive or skeptical of surcharges on the secondary market, this negative perception is not influenced by the timing when they are exposed to these surcharges.

Moreover, further investigation of surcharge perceptions from fulfillment versus service fees provide imperative findings, including (a) an importance of price transparency; (b) negative impacts maximized by larger surcharges; and (c) negative impacts increased by hidden surcharges. First, it appears sport consumers value price transparency. The finding of higher surcharge acceptability for transparent service fees (see Figure 4.2) is consistent with previous studies that address the decrease in the positive impacts of hidden fees when consumers place additional weight on price transparency in a transaction (Bambauer & Gierl, 2008; Bertini & Wathieu, 2008; Totzek & Jurgensen, 2020). This result is also linked to consumer complaints that resale companies have received regarding their hidden fees (Thompson, 2020). Indeed, high

price transparency diminishes the negative impacts of a revenue maximization motive and increases consumer perceptions of surcharge acceptability (Xia & Monroe, 2004). Hence, price transparency helps to explain low surcharge acceptability for hidden fees but high acceptability for transparent fees. Therefore, resale companies should clearly display which surcharges are added to ticket prices and why, allowing for perception of acceptable and reasonable additional fees on the secondary market.

Second, service fees (i.e., larger surcharges) maximized surcharge sensitivity and skepticism and minimized surcharge acceptability compared to fulfillment fees (i.e., smaller surcharges) (see Figure 4.2). This may be due to the differences in the dollar amount of surcharges. To illustrate, service fees (25% of the base price) ranged from $16.25 (for a standard seat) to $27.50 (for a premium seat) per ticket, while fulfillment fees were fixed at $2.50 per ticket. They were at least eight times larger than the fulfillment fee. Advancing previous research on surcharge size (Abraham & Hamilton, 2018; Burman & Biswas, 2007; Cheema, 2008; Reppeti et al., 2015; Sheng et al., 2007; Xia & Monroe, 2004), the larger the magnitude of surcharge becomes, the more negative responses are generated. Negative perceptions increased with service fees compared to fulfillment fees because consumers tend to be sensitive to surcharge increases (Chatterjee, 2010; Chatterjee & McGinnis, 2010; Lewis, 2006; Reppeti et al., 2015; Smith & Brynjolfsson, 2001). In addition, consistent with Bambauer-Sachse and Mangold (2010) and Xia and Monroe (2004), the causal influence of seller's motive of charging fees increased surcharge skepticism with service fee (see Figure 4.2), because participants seemed to acknowledge sellers generated additional revenue from larger fees. Likewise, in this study, while $2.50 (i.e., fulfillment fee) was an affordable price to pay

for a convenient ticketing service, 25% of the base price (i.e., service fee) was not acceptable (see Figure 4.2). In other words, consumers may perceive service fees as unnecessary once they have paid for the convenient ticketing service as a fulfilment fee.

Finally, although the findings of fulfillment versus service fees indicate minimal differences, Figure 4.2 illustrates how hidden surcharges increase negative perceptions (i.e., surcharge sensitivity and skepticism) and decrease positive perceptions (i.e., surcharge acceptability) when additional fees are relatively large (e.g., 25% of the base price). Hence, resale companies should carefully consider their choice of surcharge display depending on the size of the fee in order to minimize negative responses from consumers.

5.1.3 PURCHASE BEHAVIORS BY SURCHARGE FORMAT

The PP literature suggests hidden fees enhance favorable consumer responses compared to transparent fees (Dertwinkel-Kalt et al. 2020; Morwitz et al., 1998; Taubinsky & Rees-Jones, 2018), which is the foundation for the development of hypotheses 3a and 3b. That is, since hidden fees create a price illusion (Lee & Han, 2002) and individuals pay less attention to additional fees (Abraham & Hamilton, 2018; Dertwinkel-Kalt et al., 2020), their search intention can be diminished and purchase intention can be increased by hiding the fees. Although resale companies reported they received a considerable amount of consumer complaints about hidden fees (Smith, 2015; Thompson, 2020), there have been insufficient PP examinations that prove a causal relationship between surcharge presentations and sales records. Hence, this study hypothesized hidden fees enhance purchase decisions.

Contrary to previous studies (Dertwinkel-Kalt et al., 2020; Morwitz et al., 1998; Taubinsky & Rees-Jones, 2018), the current analysis of hypotheses 3a and 3b did not find significant differences in search intention and purchase intention among four different surcharge presentations (no fees vs. transparent fees vs. a notification of fees vs. hidden fees) employed in the secondary market. This could be a result of (a) the uniqueness of sport consumption on the secondary ticket market; (b) the number of MLB games offered; and (c) previous ticket purchase experiences.

In a situation where individuals book flights or hotel rooms online, their destination varies, which influences product prices and purchase decisions (Brons et al., 2002; Dwyer et al., 2000). On the other hand, sport consumers purchase tickets for a same sport franchise over time (e.g., individual or season tickets) based on factors such as the proximity to a particular facility, team identification, or team loyalty to a specific team (Beccarini & Ferrand, 2006; Wakefield & Sloan, 1995). In addition, sports simultaneously facilitate competitiveness and cooperation (Mullin et al., 20014), meaning that a visiting team to a particular facility could play a role in individuals' purchase decision. Thus, sport consumers' search or purchase intentions may vary based on additional factors related to a given game (i.e., team performance, opponent team, day or time of game) (Kaiser et al., 2019) rather than solely based on how prices are presented.

Moreover, the large number of MLB games that are played in each home stadium (i.e., 81 games) may neutralize the impacts of surcharge presentation on the sport consumers' likelihood of searching for cheaper prices and of purchasing tickets. Thus, even if consumers do not purchase event tickets for a particular date due to ticket prices or other reasons, they can still watch a particular MLB team's games for any other dates.

Additionally, sport fans perhaps consider MLB game tickets are affordable, especially for the upper level seats or for the events played on weekday or against non-popular opponents. Hence, sport consumers may not display disparate purchase decisions based on the way additional fees to ticket prices are presented.

In addition, these contradictory findings could have been found due to participants' previous experience with purchasing MLB event tickets and each ticket resale companies utilizing different surcharge formats. To illustrate, on one hand, consumers generally see a notification of "+ estimated fees" along with the base price of a ticket when they search for sport tickets on Ticketmaster. On the other hand, StubHub allows consumers to choose to see all required fees in the total price upfront or only the base price of the tickets. Even though each resale platform may have different way to present surcharges, consumers may have a high likelihood of being exposed to these styles. This could be due to consumers increasing searching behavior given its convenience, availability, and ease of use (Shim et al., 2001; Xia & Monroe, 2004). Thus, since sport consumers seem to be prone to check different resale websites before making a purchase constantly (Courty, 2019; Dwyer et al., 2013), they are more likely to understand PP or DP prior to their exposure to prices. Hence, due to consumer's familiarity with the online ticketing process, they might not be influenced by how surcharges are presented (see Table 4.2). Therefore, the current results could be explained by consumers' previous experience being exposed to additional fees when purchasing event tickets online on the secondary market, contributing to fill a research gap and extending the PP literature within the context of sports.

Furthermore, Table 4.2 shows AIP tickets had the lowest search intention and tickets with hidden fess had the highest search intention, however, purchase intentions were similar. Thus, high (or low) intention to look for further information does not necessarily decrease (or increase) purchase intention. This is a finding with important implications for sport practitioners given that none of a particular surcharge presentation style (transparent fees, a notification of fees, or hidden fees) is a superior strategy in terms of ticket sales.

5.1.4 PURCHASE BEHAVIOR BY SURCHARGE FORMAT AND PERCEPTIONS

Results of hypotheses 4a through 6b testing also showed no significant interaction effects between surcharge perceptions and surcharge presentation in terms of purchase behavior (i.e., search intention, purchase intention). Similar to sections 5.1.2 and 5.1.3, the lack of significance may be the result of (a) unique characteristics of sport consumption, (b) data collection during a pandemic, and (c) attributions of surcharge existence.

As previously mentioned, surcharge perceptions (sensitivity, acceptability, and skepticism) were similar no matter when participants were exposed to surcharges (see sections 4.2 and 5.1.2). Section 5.1.2 discussed that convenient and easy comparisons of ticket prices on the secondary market (Courty, 2019; Dwyer et al., 2013) may influence consumers to have similar sensitivity, acceptability, and/or skepticism to surcharges. Accordingly, consumers are likely to search various pricing options regardless of the way surcharges are presented. The similarity of surcharge perceptions may also reduce the varying effects of different styles of surcharge presentation on the likelihood of purchasing tickets due to previous exposure to surcharges on the secondary market. The

similarity of search and purchase intentions may also be a result of sport tickets being a primary product for consumers when sport games are held in a different city (Won & Shapiro, in press-b). Thus, sport consumers may be more likely to proceed their purchase no matter how prices are presented, while they become sensitive or skeptical to surcharges that are added to secondary products (i.e. accommodation or flight bookings), which is contradictory to the findings in hospitality or tourism (Dertwinkel-Kalt et al., 2020; Reppeti et al., 2015; Robbert & Roth, 2014).

As previously mentioned in section 5.1.2, the findings of this current study were generated from data collected during a pandemic when sport fans were either not allowed or restricted to attend live events. Since the pandemic could have unexpectedly played a role in surcharge perceptions (e.g., sensitivity, acceptability, and skepticism), participants might showcase less of their ordinary purchase behaviors on the secondary market due to attendance restrictions at sporting events, displaying no differences both in search intention and purchase intention.

In addition, lack of significance regarding purchase intention may be explained by individuals' attribution of surcharge existence. To illustrate, the multi-item surcharge skepticism tested whether subjects understood (a) resale companies made revenue from the added fees and (b) these fees were charged for the convenient ticketing process (see the list of the individual items in Appendix B). The high score of surcharge skepticism in Figure 4.2 shows survey participants realized surcharges were added to ticket prices in order to provide the ticketing service (i.e., a positive attribution) alongside to increase revenue (i.e., a negative attribution). Thus, this mix of positive and negative attributions may neutralize the effects on purchase intention. Consequently, although sport consumers

complain about hidden surcharges on the secondary market (Thompson, 2020), their complaints may not affect purchase intention, because they know they are likely to pay the fees regardless of whether surcharges are transparent or hidden.

5.2 SIGNIFICANCE OF STUDY

As one of the few studies that examine PP within the context of sports, this dissertation provides a handful of contributions to the literature and management. The author introduces theoretical implications of this study in section 5.2.1 and managerial implications in section 5.2.2.

5.2.1 THEORETICAL IMPLICATIONS

Theoretical implications of this study are largely associated with advancing (a) the PP literatures within and beyond sports; (b) the sport consumer behavior literature; and (c) attribution theory.

5.2.1.1 Advancing the PP literatures Within and Beyond Sports

The major contribution of this dissertation is investigations of PP, which is limited in sports. Despite the prevalent use of PP within the context of sports, the PP examinations are limited, lacking generalizable consumer responses. Among three available PP studies in sports, two studies claim sport consumers are willing to pay for additional fees (e.g., convenience fee, sustainability fee) to football game tickets (Greenhalgh & Drayer, 2020; Marquez et al., 2020). One remaining study suggests consumers become reluctant to purchase tickets with two surcharges for Olympic swimming competitions (Won & Shapiro, in press-a). In fact, while Greenhalgh and Drayer (2020) and Marquez et al. (2020) either allowed participants to choose the amount they were willing to pay or charged a small amount, approximately 22% and 29% of the

base ticket price (i.e., $135) were added in Won and Shapiro's (in press-a) study. Thus, due to inconsistency in sport type and surcharge price, the findings from these studies lack a possibility of generalization of sport consumer behavior. Hence, this dissertation advances the PP literature by analyzing professional baseball as the main context and by applying different surcharge presentations and structures (i.e., small vs. large amounts).

Moreover, scholars have stressed the importance of investigating PP evaluations through various moderating effects (Koukova et al., 2012; Xia & Monroe, 2004), and this current study examined essential moderators that are vital in consumer behaviors within the context of spectator sports. This particular study specifically examined the roles (a) price acceptability, (b) surcharge transparency, (c) surcharge perceptions, and (d) surcharge magnitude play in search intention and purchase intention. The moderating effects of price acceptability demonstrate why search intention (or purchase intention) increases in live ticket purchase transactions. Given the recent strategic changes regarding surcharge presentation in the market, and the ubiquitous use of PP in the secondary market, the current findings provide three important implications. First, consumers display differences in their purchase decisions among disparate industries. Second, hidden surcharges do not always generate the positive effects of PP. Third, previous ticket purchase experiences diminish the varying effects of the moderators.

In addition, this study advances the PP literature with an examination of surcharges that are dominant in the ticketing process. For instance, most previous PP studies examined the effects of PP with sales taxes or shipping fees (Abraham & Hamilton 2018; Xia & Monroe, 2004). Alongside these common surcharges, several other fees have been examined (i.e., mandatory booking fees for hotel, airfare, or theater)

(Dertwinkel-Kalt et al., 2020; Reppeti et al., 2015; Robbert & Roth, 2014) and optional baggage fees for flights (Santana et al., 2020; Totzek & Jurgensen, 2020). Booking fees in the hospitality industry may be similar to surcharges for live event tickets, because accommodation and live events are perishable and consumers tend to purchase these products through online booking in advance. However, a specific focus on sport consumers is necessary as PP is extensively used in the ticket sale process along with the recognition that sport consumers are different from other consumers in the general market (Mullin et al., 2014). Additionally, while businesses in hospitality and tourism tend to compete each other, sport organizations simultaneously compete and cooperative (Mullin et al., 2014). For instance, in order to provide live games, there should be two parties, one being a host team and another being a visiting team. Thus, the findings in the hospitality literature may not fully apply to sport consumers. To illustrate, this current study highlights a lack of effects of surcharge presentation on purchase behavior for sport consumers, which is different to what was offered in PP studies within the context of hospitality (Dertwinkel-Kalt et al., 2020; Reppeti et al., 2015; Robbert & Roth, 2014). Therefore, the examination of common surcharges on the secondary market (e.g., service fee, fulfillment fee) in this study advances the PP literature with additional fees charged online, however, a more comprehensive understanding of consumer behavior is needed.

5.2.1.2 Advancing the Sport Consumer Behavior Literature

While purchase intention has been widely examined in sports, examinations of search intention within the context of sports has been underdeveloped (Drayer et al., 2018). Search intention is a particularly essential outcome variable (Drayer et al., 2018; Dwyer et al., 2013) to understand sport consumers as a majority of transactions are made

online, including purchasing sport apparels and event tickets online. Through the examinations of search intention influenced by price acceptability and surcharge transparency, the current findings suggest sport consumers are likely to search for cheaper prices before making a purchase decision. These findings extend the sport consumer behavior literature by providing additional evidence regarding the role of search intentions and PP in sport.

5.2.1.3 Advancing Attribution Theory

The current study was guided by attribution theory (Heider, 1958; Kelley & Michela, 1980) to understand consumer responses to PP on the secondary market. The PP literature explains that consumers make attributions to account for sellers' motives of charging additional fees and the existence of surcharges while evaluating PP offers (Bambauer-Sachse & Mangold, 2010; Fiske & Taylor, 1991; Koukova et al., 2012; Lee & Han, 2002; Xia & Monroe, 2004; Voester et al., 2017). That is, attributions either generate positive or negative (or neutral) impacts on purchase behaviors. For instance, there can be a positive impact on purchase behaviors when consumers acknowledge their choice of giving up an alternative purchase option (e.g., purchasing a ticket from a box office) results in a surcharge added to the total price in online booking process (Abraham & Hamilton, 2018; Greenleaf et al., 2016; Lee & Han, 2002).

This dissertation presents participants acknowledged surcharges were added to help retailers (a) generate revenues (negative attribution) and (b) provide the convenient ticketing service for consumers (positive attribution). Unlike the previous studies, this mix of negative and positive casual inferences of surcharge existence seemed to neutralize the impacts of surcharge transparency on purchase behavior. This claims

attributions about the existence of surcharge do not always affect purchase decisions, which advances attribution theory within the context of sport and PP.

5.2.2 MANAGERIAL IMPLICATIONS

This study provides practical implications for sport marketers and, particularly, sport ticket resale companies. First, since price acceptability increases purchase intention higher with an AIP offer than a PP offer, resale companies could be inclined to use AIP. Although StubHub was not initially successful in their transition to AIP due to price confusion (Lee et al., 2014; Smith, 2015; Thompson, 2020), which could have been due to a lack of communication or transparency, the current study suggests AIP maximizes purchase intention (see Table 4.1). Therefore, to effectively use AIP, resale companies should clearly communicate estimated fee(s) per ticket and how the fee(s) is allocated on their official website (or mobile application) not during the checkout process. With this notification on the website, organizations can reduce the concern of price transparency, protect consumers in the marketplace, and increase ticket sales revenue.

In addition, resale companies should understand that consumers are generally sensitive and skeptical to surcharges because surcharges are additional fees to ticket prices (see Figure 4.2). Consumer complaints about hidden fees (Thompson, 2020) are perhaps more relevant to price transparency and associate with concerns regarding consumer protection in the marketplace (Mohammed, 2019). Therefore, the non-significant results of the effects of surcharge presentations suggest customer complaints do not mean resale companies have to eliminate all of additional fees on the secondary market. That is, switching their policies regarding surcharge transparency does not necessarily reduce consumer complaints or increase purchase intention. Rather, they can

keep additional fees to provide consumers with convenient ticketing services by clearly communicating the main purpose of the fees to increase transparency and perhaps lowering surcharge amounts.

Furthermore, when resale platforms use PP or DP to disclose the exact amounts and types of surcharges during the checkout process, they should charge a smaller size of surcharges (i.e., $2.50) if they wish not to make individuals become sensitive, affordable, or skeptical (see section 4.2). For the small size of the fees, resale companies can choose one of display styles (i.e., transparent, hidden, or notification of fees) to disclose the fees. However, if resale companies are inclined to charge a larger size of surcharges (i.e., 20-40% of a base price), they should display the fees upfront (i.e., transparent surcharges). Consumers perceive transparent surcharges are affordable compared to hidden fees (see section 4.2). Having fees upfront, the secondary market can be considered acceptable business practice in enhancing price transparency.

5.3 FUTURE STUDY DIRECTIONS

With the limitations and delimitations discussed in sections 1.4 and 1.5, this study provides directions for future research that contribute to advance the understanding of ticket sales and purchase behaviors for live events: (a) replicating the examination post-pandemic, (b) replicating this study with different context, and (c) examining undeveloped PP or DP moderators.

5.3.1 RECOMMENDATION 1: A REPLICATION POST-PANDEMIC

This study collected data amidst a pandemic and when consumers were restricted from attending live events. Thus, although the author attempted to eliminate the impact of COVID-19 in the survey scenarios, the potential risk of getting the virus may have played

a role in consumer responses. That means when there are no actual COVID-19 risks in the world and sport teams welcome sport fans without a capacity restriction, the fans may display different surcharge perceptions and purchase behaviors. Hence, a replication of this study is suggested post pandemic to draw enhance generalizability of the findings of this current study.

5.3.2 RECOMMENDATION 2: A REPLICATION WITH DIFFERENT SPORTS

Scholars should replicate this study with different sport leagues within and beyond the U.S. There are some differences among sport fans depending on which sports they prefer (Wakefield, 2021). For instance, due to the large number of the games each MLB team plays per season (162 games), MLB fans are less likely to watch games that are not played by their preferred teams compared to other leagues such as the National Basketball Association (NBA) or the Major League Soccer (Wakefield, 2021). For MLB fans, being loyal fans to a team is a family tradition, contrary to fans of NBA or the National Hockey League (NHL) teams (Wakefield, 2021). In addition, MLB fans display higher team loyalty towards their favorite teams than other league fans (Wakefield, 2021). Therefore, consumer behavior based on surcharge transparency and price acceptability may differ among other leagues. The replication of this study in different contexts may enhance the generalizability of the findings to other sports' consumers.

5.3.3 RECOMMENDATION 3: EXAMINATIONS ON PP AND DP

Further examinations of PP and DP should be conducted within the context of sport spectatorship. As described in section 2.5, various surcharge aspects have been underdeveloped in sports. For instance, consumers have different feelings about the number of surcharges that they see during the checkout process (Voester et al., 2017; Xia

& Monroe, 2004). In fact, each resale company charges different number of surcharges such as StubHub charging two fees (e.g., service fee and fulfillment fee) and Viagogo charging one (e.g., booking fee). Hence, through an investigation of the number of surcharges, scholars may provide further managerial advice to ticket resale businesses (i.e., whether one surcharge is more acceptable than two or more surcharges) to increase profitability.

In addition, some situational moderators affect purchase decisions towards PP. One of the moderators is timing when consumers purchase a product. Within the context of sports, due to the use of DTP, ticket prices frequently change over time until the day of the event (Shapiro & Drayer, 2012). Hence, although sport consumers may get charged the same number of surcharges regardless of when to purchase tickets (i.e., a month prior to the day of an event or a day before the event), their perception of surcharges and search intention may vary depending on timing (Choi et al., 2019). Additionally, if a resale company charges a fee that is a certain percentage of the base price such as service fees, the pricing change over time may extensively influence consumer behavior towards these fees. Therefore, researchers should consider conducting a longitudinal examination of timing effects with PP and/or DP that compares purchase behaviors from a month or two prior to an event day to a day before the event.

Another situation moderator that should be examined within the context of spectator sport is a partnership between resale companies and sport franchises. The partnership makes ticket purchases legitimate (Courty & Davey, 2020; Drayer & Shapiro, 2011; Dwyer et al., 2013; Shapiro & Drayer, 2012), influencing seller trustworthiness. In fact, sport fans can purchase tickets from a resale company that has a partnership with a

particular sport franchise (e.g., AXS and LA Lakers) as well as from other resale platforms that do not have partnerships. Hence, it is necessary to examine whether and how consumer behavior varies towards surcharges that they review on the partnered ticket site versus on a non-partnered site with a sport team.

Finally, a gift effect should be investigated as an imperative moderator to understand consumer responses to PP and purchase behavior. Given that sport facilitates socialization (Mullin et al., 2014), sport consumers are likely to attend live events with a friend or family. Thus, in some cases, one person volunteers to purchase tickets then splits the amount. In other circumstances, one person pays for tickets and does not expect reimbursement. In particular, not expecting a reimbursement is relevant to gift-giving. Choi et al. (2019) claim consumers are likely to ignore surcharges when they purchase a product for someone as a gift. However, because sport consumers are perceived to be different from those in other industries (Mullin et al., 2014), it is unknown whether sport consumers pay less attention to surcharges when purchasing sport products as a gift. Thus, it is essential to investigate sport consumer behaviors towards surcharges in a situation where they purchase tickets for themselves and companions to enjoy the event together versus where they purchase tickets and split the amount with companions.

5.4 CONCLUSION

The resale market is expected to continue growing, generating $2.8 billion in revenue by 2026 (360 Research Report, 2020). Alongside, sport partnerships between sport teams and resale companies make the ticketing process convenient benefiting consumers. Tickets sold in the secondary market have two price components, a base price and a surcharge, which is a form of PP. However, despite the extensive use of PP on the

secondary market, the literature lacks an examination of PP within the specific context of sports.

This current study fills the research gap by including the examination of four moderators: price acceptability, surcharge transparency, surcharge perceptions, and surcharge size. There was a specific need to examine consumer behavior towards surcharge transparency when purchasing live event tickets due to the recent strategic change of pricing policy on secondary ticket platforms.

The results of this study indicate (a) price acceptability significantly influences purchase intention and (b) surcharge transparency does not influence purchase behavior. This dissertation provides sport practitioners with managerial implications to enhance positive psychological impacts of PP, which is to use AIP and clearly communicate which fees are charged and why.

This study provides a clear direction for future PP research that examines (a) the number of surcharges, (b) the timing of purchase, (c) the place of purchase, and (d) the end-user. These seem to be all essential moderators of PP and ticket purchases on the secondary market, which helps scholars advance the understanding of sport consumer behavior.

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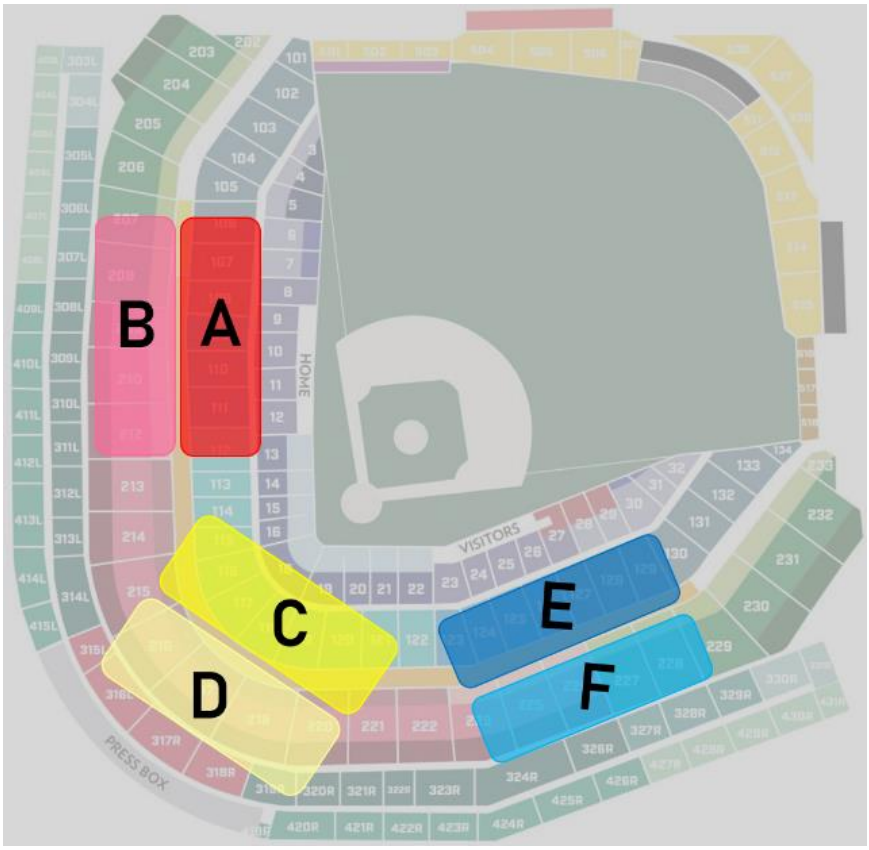
APPENDIX A

ONLINE SURVEY SCENARIO GROUPS

GENERAL SCENARIO

In a hypothetical situation, you and your friend are planning to attend an MLB game to watch your favorite team playing during the XYZ season (when there are no more potential COVID-19 risks).



The seating map was adapted from Chicago Cubs for Wrigley Field (https://www.mlb.com/cubs/ballpark/information/gates).

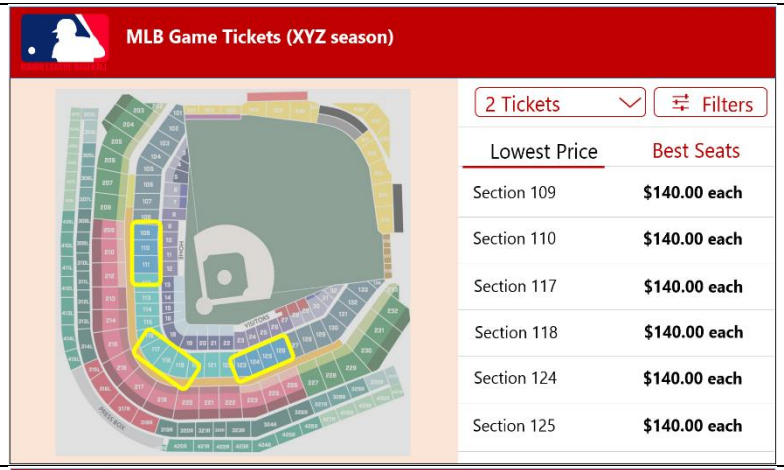
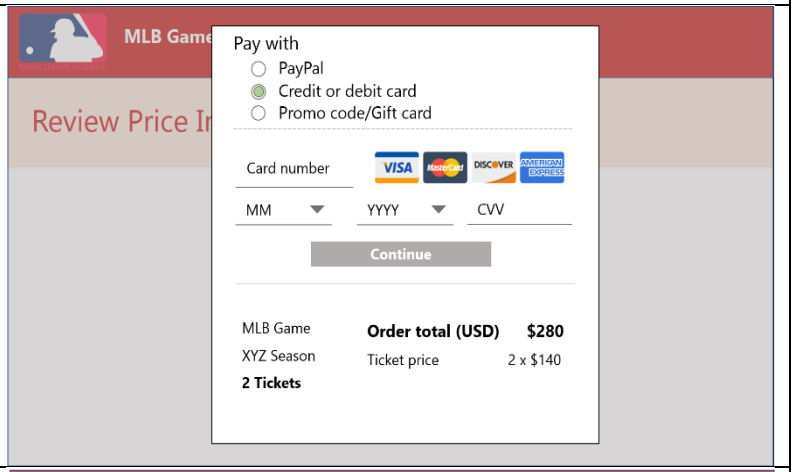
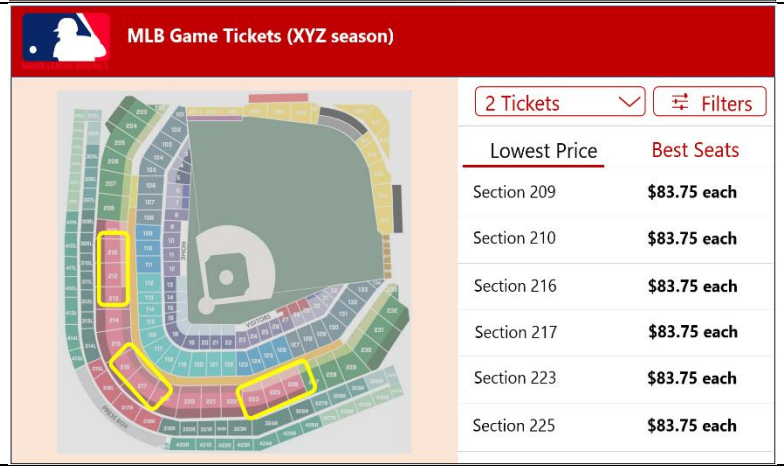
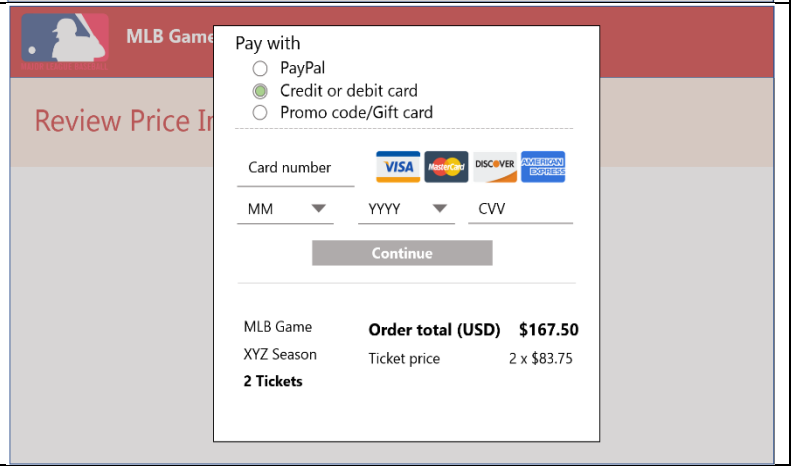
Figure A.1 *A Seating Map for Seat Selection*

Question 1: Which seating area would you prefer to purchase?

A. Home Team Dugout – 100 level (Average Ticket Price: $80 - $110)
B. Home Team Dugout – 200 level (Average Ticket Price: $40 - $70)
C. Club Box Home Plate – 100 level (Average Ticket Price: $80 - $110)
D. Flex Box Home Plate – 200 level (Average Ticket Price: $40 - $70)
E. Visiting Team Dugout – 100 level (Average Ticket Price: $80 - $110)
F. Visiting Team Dugout – 200 level (Average Ticket Price: $40 - $70)

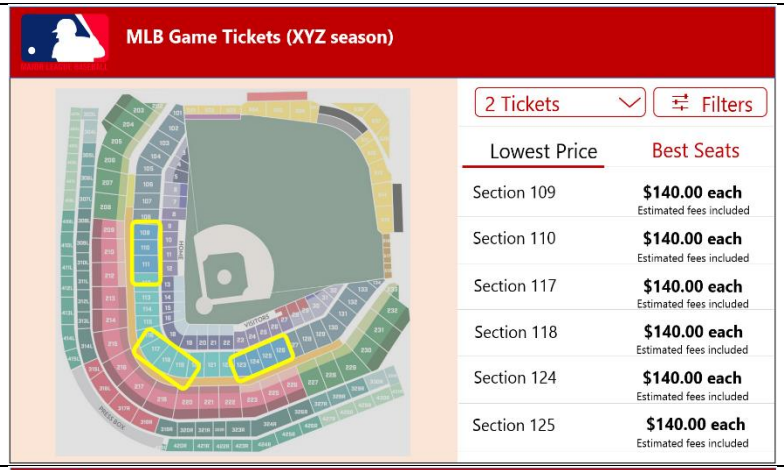
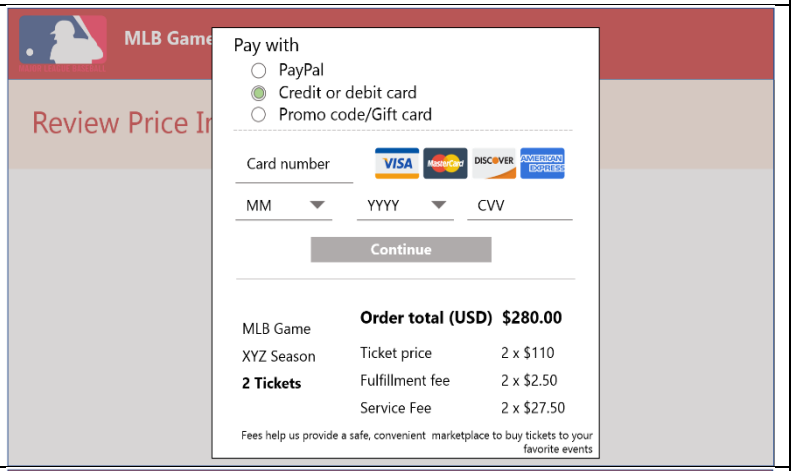
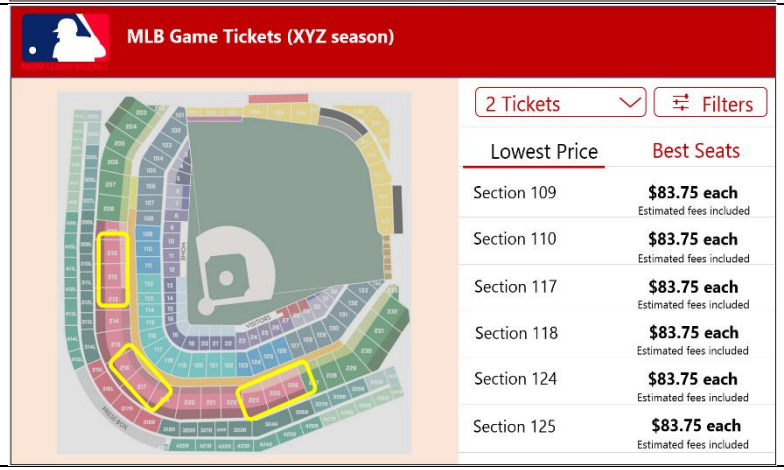
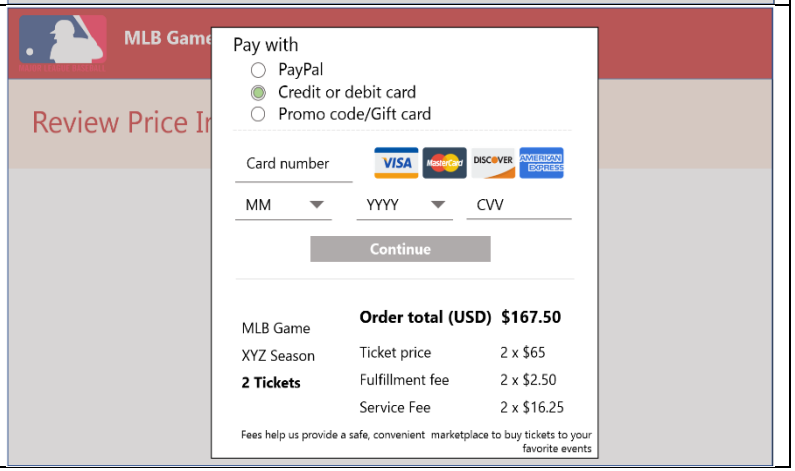
Question 2: Given the seating location selected, the most I would pay for an MLB ticket is $_____.

SPECIFIC SCENARIOS (Each group was given images regarding price presentations)

Seat location	First page	Second page
100 level		
200 level		

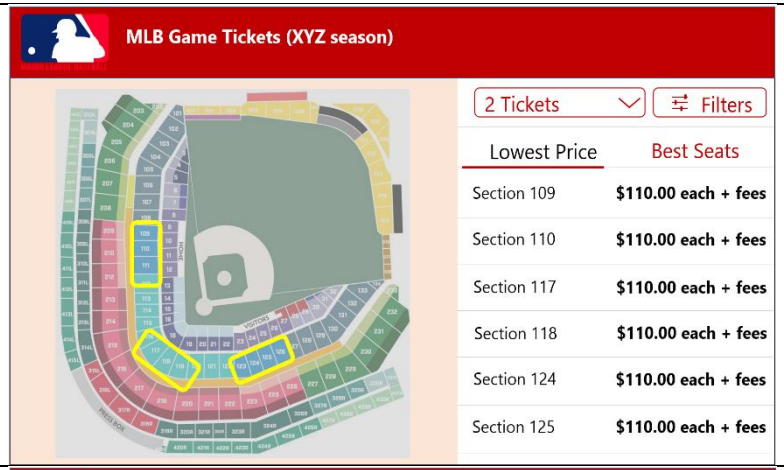
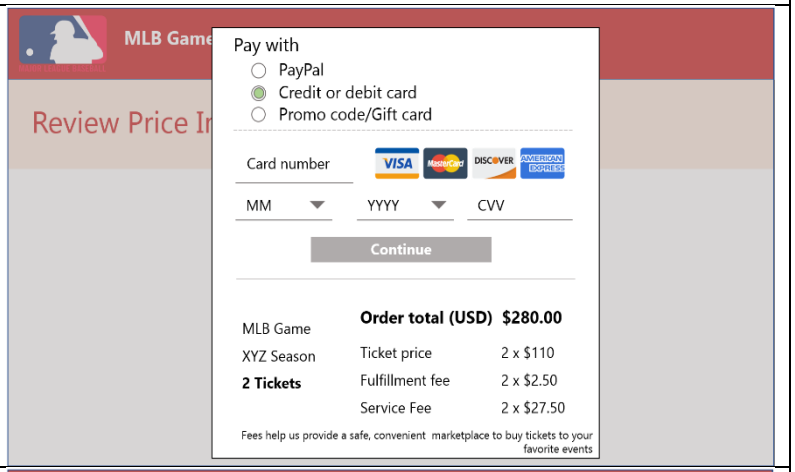
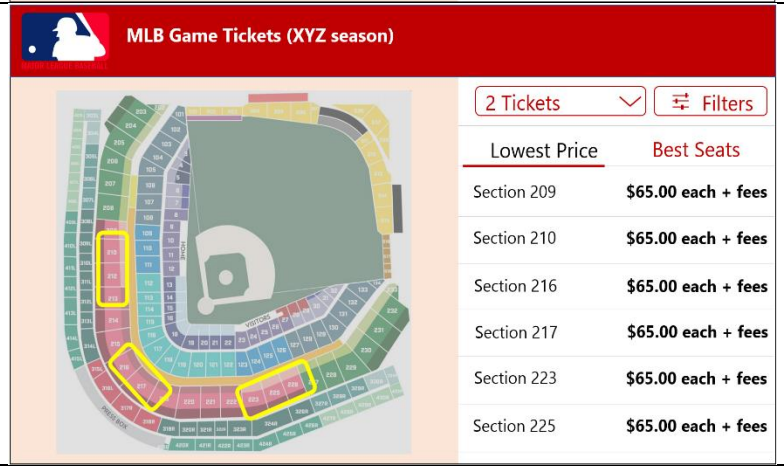
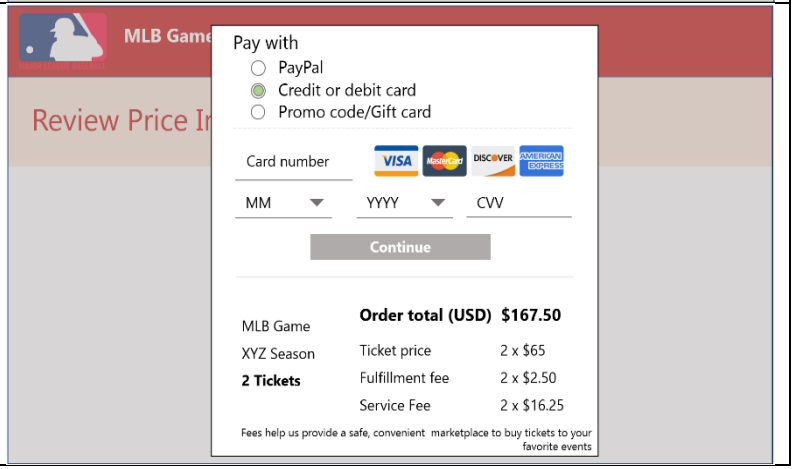
The seating map was adapted from Chicago Cubs for Wrigley Field (https://www.mlb.com/cubs/ballpark/information/gates).

Figure A.2 *Group 1 Surcharge Presentations (No Fees)*

Seat location	First page	Second page
100 level		
200 level		

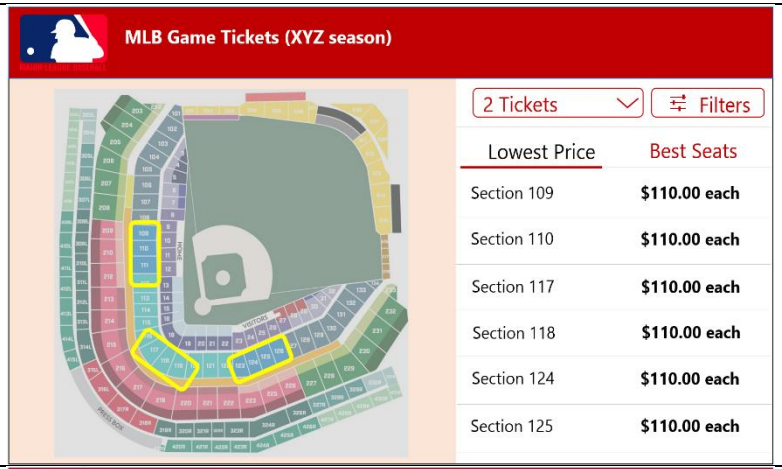
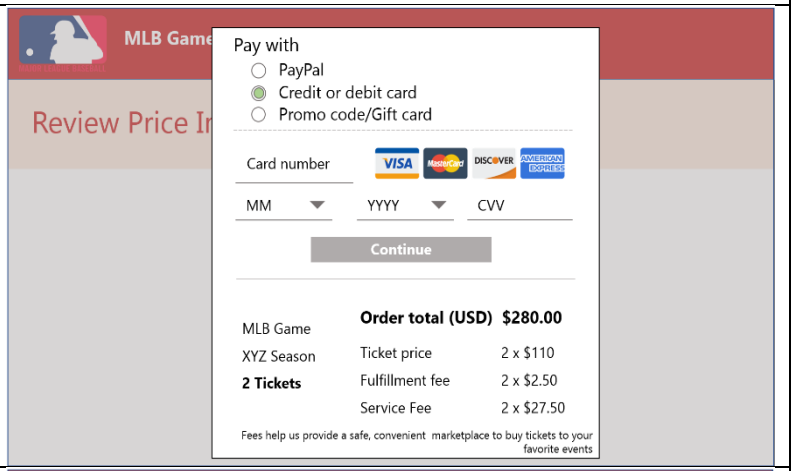
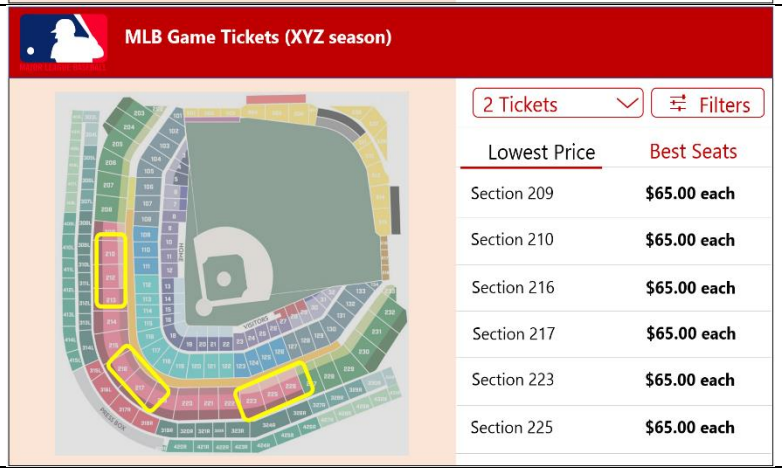
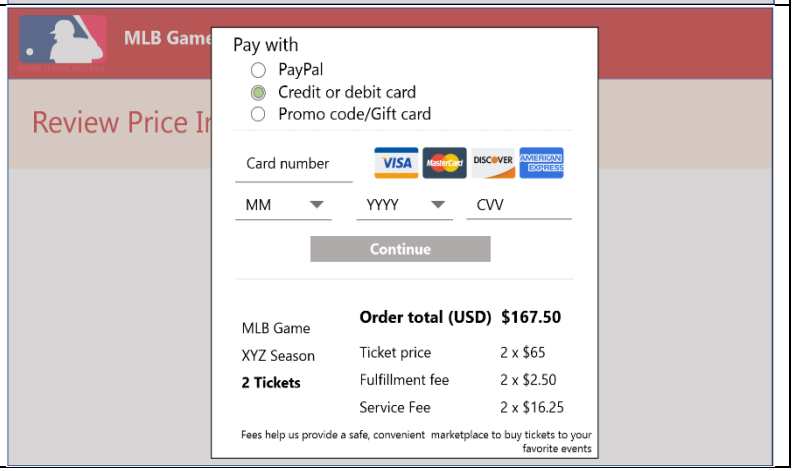
The seating map was adapted from Chicago Cubs for Wrigley Field (https://www.mlb.com/cubs/ballpark/information/gates).

Figure A.3 *Group 2 Surcharge Presentations (Transparent Fees)*

Seat location	First page	Second page
100 level		
200 level		

The seating map was adapted from Chicago Cubs for Wrigley Field (https://www.mlb.com/cubs/ballpark/information/gates).

Figure A.4 *Group 3 Surcharge Presentations (A Notification of Fees)*

Seat location	First page	Second page
100 level		
200 level		

The seating map was adapted from Chicago Cubs for Wrigley Field (https://www.mlb.com/cubs/ballpark/information/gates).

Figure A.5 *Group 4 Surcharge Presentations (Hidden Fees)*

APPENDIX B

INSTRUMENTATION

Table B.1 *Instrumentation for Essential Variables*

Constructs and Items	**Operations**
Price Acceptability* The most I would pay for [product] is $_____.	Open-ended
Sensitivity to [surcharge type] Charge** (adjusted for online ticket purchases) I am very sensitive to [surcharge type] when it comes to online ticket purchase I try to avoid online ticketing that add [surcharge type] to my purchases I will be unhappy if online ticketing adds [surcharge type] to my ticket purchases I enjoy the benefit of [surcharge type] for online ticketing very much (reverse code)	1 (Strongly disagree) – 7 (Strongly agree)
Acceptance of the Surcharge(s)** The amount of fees charged in [store] is outrageous (reverse code) I am comfortable with the extra fees charged The additional fees are reasonable The retailer is ripping off customers by charging these fees (reverse code) The extra fees charged by this store are too high to be true (reverse code)	1 (Strongly disagree) – 7 (Strongly agree)
Surcharge Skepticism*** (adjusted for online ticket purchase) I believe that most firms that sell through [secondary market] try to make a profit on [surcharge types] [$total price (plus $surcharge)] is too much to pay to get the tickets This seller is making too much profit on the ticket offer It really bothers me to have to pay the surcharges for products I order E-delivery of the tickets to my email or application is a service worth paying for (reverse code)	1 (Strongly disagree) – 7 (Strongly agree)

Intent to Search for a Better Price If you were going to purchase [the tickets], how likely is it that you would search for a better price than the one advertised?**** I would like to search for more information regarding the price of [the tickets]** I will check out other stores regarding the price of [the tickets]**	1 (Very unlikely) – 7 (Very likely)
Purchase Intention*** The likelihood of purchasing [the tickets] featured in the scenario is high If I were going to buy [the tickets], I would consider buying it at the price shown in the scenario At the price shown, I would consider buying [the tickets] The probability that I would consider buying [the tickets] is high My willingness to buy [the tickets] featured in the scenario is high	1 (Strongly disagree) – 7 (Strongly agree)

*Adapted from Lichtenstein et al. (1988)
**Adapted from Xia & Monroe (2004)
***Adapted from Schindler et al. (2005).
****Adapted from Lichtenstein et al. (1991)
*****Adapted from Dodds et al. (1991)