An Analysis of Surcharge Transparency and Ticket Purchase Behavior on the Secondary Market

Misun Won, University of South Carolina
Stephen Shapiro (Advisor), University of South Carolina

Marketing - Consumer Behavior (Professional Sport)  Abstract 2021-237
20-minute oral presentation (including questions)  Mode: Asynchronous
Session: Live Q&A for Marketing 2 (Asynchronous)  Saturday June 5, 2021, 1:40 PM - 2:40 PM

There has been a recent change in price policy on the secondary market requiring additional fee transparency (Thompson, 2020). This includes service fees, which are common on ticket resale platforms (Smith, 2015; Thompson, 2020). Service fees are one form of partitioned pricing (PP), which separates surcharges from a base price of a product (Burman & Biswas, 2007; Morwitz et al., 1998). With a recent policy change, there are three price presentations employed on the secondary market: (1) disclosing all fees upfront, (2) providing notification of additional fees, and (3) hiding fees prior to check out. The proliferation of resale platforms allows consumers to easily compare prices (Courty, 2019). Surcharge presentation may influence ticket revenue and consumer behavior, which has not been examined within the context of live ticketed events. Therefore, this study will investigate surcharge transparency perceptions and purchase involving various surcharge presentations.

According to attribution theory (Weiner, 1986), the effectiveness of PP can be positive or negative depending on consumer perceptions of fee awareness (Abraham & Hamilton, 2018; Xia & Monroe, 2004). For instance, when consumers acknowledge their choice of purchase results in additional fees, negative impacts are minimized (Greenleaf et al., 2016; Lee & Han, 2002). In addition, hidden fees create an illusion that the base price equals the total cost, which often enhances purchase intentions (Morwitz et al., 1998; Taubinsky & Rees-Jones, 2018). Consumer perceptions of fees on the secondary market may differ by surcharge transparency, which has not been studied in the literature. Hence, the following hypotheses were developed:

H1: Transparent surcharges (a) increase surcharge sensitivity, (b) decrease surcharge acceptability, and (c) increase surcharge skepticism.

H2: Hidden surcharges (a) decrease search intention and (b) increase purchase intention.

H3: When surcharges are transparent, surcharge sensitivity (a) increases search intention and (b) decreases purchase intention.

H4: When surcharges are hidden, surcharge acceptability (a) decreases search intention and (b) increases purchase intention.

H5: When surcharges are transparent, surcharge skepticism (a) increases search intention and (b) decreases purchase intention.

In order to test these hypotheses, an online survey will be created on Qualtrics. Participants will be recruited through Amazon Mechanical Turk and randomly assigned to four different surcharge conditions (no fees, transparent fees, hidden fees, and fee notifications) with two common surcharges: fulfilment fees and service fees. Data will be analyzed through two multivariate analysis of variances to assess the impact of these conditions on search and purchase intentions.

This study has theoretical and practical significance. First, an examination of consumer responses to surcharges on the secondary market will extend the scope of surcharge investigations. Second, an investigation of consumer responses to PP with a focus of surcharge transparency will highlight the role transparency plays on consumer responses on the secondary market. Third, an examination of causal thinking about fees on the secondary market will advance the PP literature and attribution theory. Additionally, this examination will assist sport managers in identifying an optimal surcharge presentation that can help organizations minimize negative reactance and maximize ticket revenue.