The Need for Partitioned Pricing Research in Sport – A Review of Literature

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Despite significant advances in technology adoption resulting in consumers’ access to purchasing almost anything online, researchers have overlooked the effects of partitioned pricing (PP) and all-inclusive pricing (AIP) on sport consumer behavior. PP is a pricing strategy established in a variety of industries, including sport. Rather than providing AIP for goods ordered, online retailers separate prices for shipping, handling, or payment processing (Xia & Monroe, 2004). Airlines worldwide impose separate fees for baggage or fuel, even though customers are required to pay for all components, adding over $36 billion in surcharges on top of base flight costs in 2012 (Tuttle, 2012; Tuzovic, Simpson, Kupfelwieser, & Finsterwalder, 2014). The airline situation reached the political front in the U.S., when the Trump administration suspended President Obama’s airline transparency review, which was taking steps towards requiring transparency in airline fees (Shepardson, 2017). The central premise of PP is that consumers disregard or fail to process price information, when price components are presented separately, in the same way as for equivalent AIP (Morwitz, Greenleaf, & Johnson, 1998). We propose the need to examine pricing strategies and theory within sport.

With the ubiquitous online purchase options facing sport consumers, whether by sport spectators (e.g., event ticketing, parking, merchandise) or sport participants (e.g., online race registrations, youth league fees), sport organizations have different options on how to present product pricing and surcharges to consumers. For example, online, consumers may see that a game ticket has a face value of $49.00, but as they move through the purchasing process, end up seeing a $6.95 service fee and $4.00 processing fee at the final stages of the purchase. Conversely, a consumer may be presented with a ticket advertised at $59.95 face value and not be subject to additional fees at the end of the purchase process. The relationship nature of sports differs than the utilitarian nature of services like airlines, so understanding how PP and AIP strategies affects sport consumers’ experience is critical. Further, theoretical perspectives of past PP research may not apply to sport. Consumers’ reaction to PP and unexpected fees may impact affect towards the sport organization or website sponsor or satisfaction in general. Kim and Trail (2011) present that “building, enhancing, and maintaining a good relationship with fans is perhaps the most fundamental principle of sport marketing” (p. 65) and relationship quality and consumer satisfaction are important (Kim, Magnusen, & Kim, 2014). Empirical research could guide sport organizations’ decision process when selecting between PP and AIP strategies.

Based on a comprehensive review of PP and AIP literature, this presentation has four objectives: (1) to present the latest definition of PP, and the critical characteristics of the concept, (2) to summarize and evaluate the primary theoretical perspectives guiding PP research, (3) to provide a summary of findings from previous PP research and its subsequent suggestions regarding when and how PP should be applied, and (4) to provide an agenda for future research on PP, identifying theoretical and practical implications for additional inquiry, within sport contexts.