

# Is the Price Fair? How Intangibility Reduces Price Fairness Perceptions

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## ABSTRACT

While the vulnerability of service offerings to price unfairness perceptions has long been recognized, most price fairness research has been conducted in the context of goods. This research addresses two gaps in the emerging empirical work on price fairness in the context of services: Which characteristics of services promote price unfairness perceptions? And what are the mechanisms that create those perceptions? We extend the existing research by demonstrating that intangibility promotes price unfairness perceptions. Drawing on the fairness and services literatures, we develop a framework showing how uncertainty about value and uncertainty about the reasonableness of seller profit mediate the influence of intangibility on price fairness evaluations. The framework is supported in a series of three studies. Our findings offer directions to managers crafting value propositions for services or products that are marked by intangibility.

*Keywords:* Price fairness; Value; Uncertainty; Seller Profit; Intangibility; Services

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