

ABSTRACT

With the rapid boom of e-commerce, numerous online retailers joined this fierce competition to make profit. By leveraging the dynamic pricing strategies, online retailers could maximize their profit and achieve specific organizational goals such as providing excellent consumer service and creating business merit. Nevertheless, inappropriate dynamic pricing strategies might backfire: Online retailers who frequently change the price might cause a negative effect on consumers' perception of price fairness, and this violation of fairness negatively affects consumers' trust, as well as the satisfaction toward online retailer.

This study investigates the relationships between price fairness perception, trust, satisfaction, and consumer loyalty under a frequent price change scenario. Structured online surveys were conducted by employing a one-factor, two-level, fractional factorial research design. The statistical analysis showed a significant relationship between those cognitive perceptions (fairness perception, trust, satisfaction, loyalty); hence, it can be concluded that consumer trust and loyalty are negatively affected if the price fairness is perceived negatively as caused by frequent price changes. In addition, the analysis also reveals that the degree of the consumers' trust increases is positively related to consumer satisfaction, resulting in consumer loyalty.

The entire study provides the online retailers a profound theoretical foundation based on a comprehensive literature review on extant studies dealing with the dynamic pricing strategies. Benefit from the literature review, this study had chance to bridging the gap between online consumers' price fairness studies and online consumer trust studies. Moreover, even this study failed attempt to disclose the dynamic pricing strategy due to the comprehensiveness of the manipulation control question, but this attempt still illustrated a direction for the future scholars' research design. Last, but not least, this study also emphasizes the impact of trust-building between consumers and online retailers; therefore, long-term cooperative relations and mutual benefit are expected to come.