

# The Study on Need of Transparency & Genuine Pricing to Influence Customer Buying Pattern

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[doi.org/10.64643/IJIRTV12I12-199897-459](https://doi.org/10.64643/IJIRTV12I12-199897-459)

**Abstract—** Online shopping has grown rapidly in recent years, and along with it, consumers have become more conscious about how companies present their pricing. This study looks at whether transparent pricing and honest business communication affect consumer purchasing decisions in any meaningful way. With so much information available online, buyers tend to compare prices before making a decision, and they are more likely to return to a brand they consider trustworthy and straightforward.

To study this, a questionnaire was distributed to 200 respondents covering various aspects of their shopping behaviour and opinions on pricing fairness. The collected data was analysed using percentage analysis, Chi-square tests, and ANOVA to understand whether pricing transparency has a statistically significant influence on buying decisions.

A key finding was that hidden charges and unstable pricing are among the primary reasons consumers abandon purchases or switch to competitors. Shoppers do care about price, but they value clarity even more. When pricing is straightforward and consistent, consumers feel more comfortable completing a purchase. Brands that communicate honestly tend to build stronger customer relationships, and that kind of loyalty becomes a real advantage in a competitive market.

**Index Terms—** Consumer relationship, Transparency in marketing, Ethical standards, Genuine pricing, Brand loyalty, and Case Study Analysis.

## I. INTRODUCTION

The global retail environment has changed considerably, particularly with the spread of digital platforms and easy access to price comparison tools. Consumers today are more informed than before, and they actively look for clarity when making purchase

decisions. Businesses that do not clearly communicate their pricing often find themselves losing customers to competitors who do. Trust has become a key factor in brand selection, and transparent pricing plays a direct role in building that trust.

This study examines how transparent pricing functions as a trust-building mechanism. In a market saturated with choices, honesty in pricing can serve as a differentiating factor. Consumer loyalty is not simply a result of low prices it is earned through consistent and open communication about costs and value.

Recent data from 2024 and 2025 reflects a shift in consumer expectations. Studies show that 94% of customers are more likely to stay with brands that clearly explain their pricing, and 73% are willing to pay a slightly higher price when they understand what that price covers. These figures suggest that transparent pricing is not just an ethical practice it also has measurable commercial benefits, including reduced customer acquisition costs and improved retention rates.

Despite growing awareness, hidden charges continue to be a problem in online retail. Research from 2024 found that 48% of online shopping carts were abandoned due to drip pricing where additional fees appear unexpectedly during checkout. Such practices can reduce repeat purchase rates by up to 14%. Once a consumer feels misled, regaining their confidence is difficult, making pricing honesty an important long-term concern for businesses.

This research surveyed 200 participants to understand how pricing transparency shapes their purchase decisions. Statistical methods including ANOVA and Chi-square tests were used to identify patterns across

different consumer segments and determine which aspects of transparent pricing matter most to buyers.

## II. PROBLEM STATEMENT:

The retail environment has changed substantially as consumers gain access to digital tools that allow them to compare prices and research products before making purchases. Despite this, many businesses continue to maintain pricing practices that lack transparency, leaving consumers without a clear understanding of what they are paying for and why. This gap between what consumers need and what companies provide creates an imbalance of information that undermines trust and affects consumers' perception of price fairness a factor widely recognised as central to customer satisfaction and brand loyalty (Rothenberger, 2015).

Major Problems Faced:

1. **The Information Asymmetry Gap** In many markets: A lack of transparency creates a divide where consumers are denied access to the actual costs or detailed breakdowns of the products they purchase. This creates a state of information asymmetry, where the seller holds significantly more power than the buyer, often leading to "Hidden fees" or "Partitioned pricing" that masks the total cost (Seim et al., 2017). When consumers realise that price information is being withheld or manipulated, it triggers a negative cognitive judgment about the seller's fairness, ultimately reducing their willingness to pay and damaging the brand's reputational strength (Mohan et al., 2020).

2. **The Trust-Transparency Paradox** As businesses increasingly adopt dynamic pricing and AI-driven algorithms, the "Black box" nature of these strategies has led to a significant decline in consumer trust. While these technologies enable real-time market responses, demand-based pricing during peak periods often leads to a 20% drop in repeat purchase intentions due to perceived exploitation (NHSJS, 2025). Consumers today expect brands to prioritize their interests through honest interactions, yet many companies continue to use deceptive marketing methods that prioritize short-term profit over the enduring relationships required for digital brand success (ACR Journal, 2025).

3. **The Complexity Barrier** The rise of "Complex price offers" has been ranked as one of the most misleading pricing practices, as it impedes the consumer's ability to make meaningful comparisons between competitors. Retailers often struggle to balance optimal pricing with perceived value, frequently falling into the trap of using high-price anchors or rigid rule-based pricing that fails to align with the target audience's financial preferences (Daase et al., 2025)

## III. LITERATURE REVIEW:

1. **Ethical AI Transparency and Brand Perception**, D. Kumar & Suthar (2024):

In AI-driven marketing contexts, Kumar and Suthar (2024) found that being transparent about how consumer data is collected and how algorithmic decisions are made has a measurable positive effect on consumer trust. This increased trust, in turn, was associated with stronger brand loyalty and more favourable brand perception among digital consumers.

2. **Transparency as a Mediator for Purchase Intention**, Morsink, M.A. (2020):

Morsink (2020) examined business transparency across multiple dimensions product, price, inventory, and process and found that transparency does not directly produce an immediate increase in sales. Rather, its effect is indirect: transparent practices first build consumer trust, and it is that trust which subsequently leads to a stronger purchase intention.

**Barriers and Research Gaps**

While the demand for price transparency is projected to fundamentally reshape retail by 2026, several critical barriers and gaps impede the shift toward genuine pricing.

- **The Information Disclosure Barrier:** A primary barrier is the "Information Disclosure Gap," where firms struggle to balance transparency with competitive secrecy. Research indicates that while transparency reduces consumer "Purchase hesitation" many vendors fail to provide the high-quality signals needed to reduce buyer uncertainty (MDPI, 2026).
- **The Shrinkflation & Fairness Paradox:** As of 2026, 64% of consumers view "shrinkflation" (reducing product size while maintaining price) as an inherently unfair practice that violates the principles of genuine pricing (Capgemini, 2026).

Despite this, many companies prioritize short-term margins over the clear communication required to maintain trust during inflationary periods.

- The Technical Verification Gap: There is a significant gap in the implementation of digital verification tools like QR codes and blockchain-based traceability. While Generation Z consumers demand verifiable evidence of ethical pricing and sustainability

#### Literature and Research Context Synthesis

Across the reviewed literature, there is a consistent finding that fairness and quality have become central to how consumers assess value. A 2026 study by Capgemini, covering 12,000 consumers across 12 countries including India, Germany, and the US, found that 74% of consumers would consider switching to another brand if a company's pricing and policies were not seen as transparent (Capgemini, 2026).

"Pricing Transparency and the Application of Ethical standards in consumer markets".

Digital commerce has significantly altered the way companies approach pricing. Algorithmic tools allow prices to change rapidly in response to demand, competition, and consumer data, while hidden fees have become increasingly common in online transactions. This environment has created confusion among consumers and raised serious ethical questions about fairness. Projections for 2026 suggest that about 70% of online shoppers will regularly use price-tracking tools before making purchases, and a large portion will abandon their carts when they detect what they perceive as unjustified price changes. The financial cost of this behaviour to the industry is estimated at \$218 billion (PwC, 2026).

Many online platforms continue to use personalised pricing strategies that add fees incrementally, giving buyers little ability to assess whether a price is genuinely fair (Freshfields, 2026). While these tactics may generate short-term revenue gains, they damage consumer trust in the process. Research indicates that three out of four shoppers are willing to switch to a competitor if they believe a brand is concealing costs or applying arbitrary pricing changes (Capgemini, 2026). This points to an urgent need for greater accountability and honesty in pricing practices across digital markets.

Addressing these issues requires a combination of policy reform, responsible business conduct, and consumer-friendly technology. Frameworks like Truth-in-Pricing are a useful starting point, as they require service providers to disclose all costs before a transaction is completed. Consumer expectations support this direction 71% of surveyed respondents indicated they would stop buying from a brand that changed prices or reduced product sizes without adequate communication (NIQ, 2026).

Several governments have taken legislative steps in this area. Europe's Price Indication Directive requires retailers to display clear unit prices so that consumers can make proper comparisons between products. In the United States, New York's Algorithmic Pricing Disclosure Act (2025) obliges retailers to disclose when personal data and algorithmic systems are used to determine prices (Hochul, 2025). These regulations offer an important layer of protection, particularly for the segment of consumers that Deloitte (2026) identifies as "Value Seekers," who represent nearly half of the shopping population.

Developing economies are also beginning to address these issues. Consumer education programmes are being introduced in schools, and digital tools are being developed to help buyers identify inflated or misleading prices. AI-based price comparison applications are becoming more accessible to ordinary shoppers. Research from Net guru (2026) indicates that 69% of consumers prefer brands that demonstrate ethical values, with fair pricing being a central element of that expectation.

However, significant obstacles remain. A large portion of the population lacks sufficient digital literacy to use these tools effectively, and transparency measures adopted by companies can sometimes be superficial rather than substantive. Algorithmic pricing systems remain largely opaque, making it difficult for consumers to assess fairness. Furthermore, regulations are only effective when properly enforced, which is not always the case. These challenges are reflected in consumer sentiment according to SAP (2025), only 27% of shoppers currently trust brands to treat them fairly on pricing and value.

In summary, when companies engage in deceptive or unclear pricing practices, they risk losing consumer trust permanently. Rebuilding that trust requires not just policy compliance but a genuine commitment to ethical conduct. A digital marketplace where

consumers feel informed and fairly treated is only possible when businesses adopt transparent pricing as a core operational value rather than a regulatory obligation.

IV. RESEARCH METHODOLOGY:

This study employed a Primary quantitative method of data collection to investigate the influence of pricing transparency and genuine valuation on modern consumer buying patterns. The methodology focused on capturing real-time consumer sentiment regarding ethical marketing standards and the psychological impact of deceptive pricing.

Data Collection & Sampling

- **Survey Instrument:** A structured questionnaire featuring both open-ended and closed-ended questions was administered to collect extensive data on shopping habits, transparency awareness, and ethical expectations.
- **Sample Size:** The research successfully gathered data from 200 respondents, providing a statistically significant cross-section of value-sensitive shoppers and retail management perspectives.
- **Sampling Technique:** A simple random sampling procedure was utilized at recognized retail hubs and digital commerce centres, supplemented by incidental sampling to capture occasional market participants.
- **Focus Areas:** The questionnaire concentrated on critical dimensions including price-comparison methods, verification technologies (QR codes/Blockchain), awareness of financial risks (hidden fees), and the perception of genuine pricing systems.

Analysis Framework

Data analysis was conducted using the Statistical Package for Social Sciences (SPSS) to ensure rigorous quantitative interpretation.

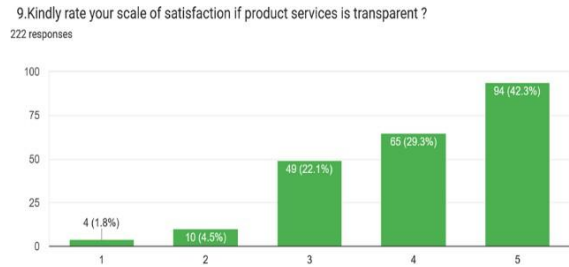
- **Statistical Tools:** Approaches included percentage analysis, Chi-square tests, and One-way ANOVA to detect significant associations between transparent pricing and consumer purchase decisions.
- **Validation:** Field observations of real-time price fluctuations and promotional labelling were

conducted to triangulate and validate survey responses against practical market conditions.

Ethical Considerations and Reliability

- **Data Integrity:** Voluntary participation was maintained throughout the procedure, with all acquired information kept strictly confidential to ensure objective responses.
- **Demographic Relevance:** The study specifically analysed the gap between transparency desires and actual buying patterns across a predominantly young, digital-native demographic (73.9% aged 18-25) to ensure results reflect future market forces.

V. DATA ANALYSIS & RESULTS:



As shown in Figure 4.1, the respondent base was predominantly young and digitally active, with 73.9% aged between 18 and 25. Within this group, 71.6% reported high satisfaction levels (ratings 4 and 5), and 42.3% gave the highest possible score. The low dissatisfaction rate of 6.3% indicates that honest and transparent service practices are strongly aligned with what this age group expects. As younger consumers continue to grow as a market segment, pricing transparency is likely to become an increasingly important factor in determining brand preference and long-term loyalty.

12. Give your level of trust in ads when the "logic" behind the ad is explained. 222 responses

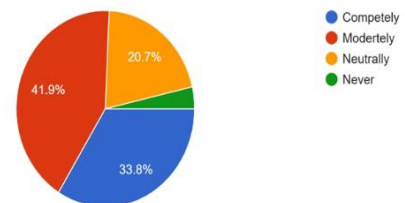


Figure 4.12 shows that when advertisements explain the reasoning behind their claims, consumer confidence increases across gender groups (56.8% male, 43.2% female). A total of 75.7% of respondents indicated increased trust 41.9% to a moderate degree and 33.8% completely. The data suggests that both male and female consumers value clarity and logical explanation in marketing over vague or exaggerated claims. Only 3.6% of respondents expressed doubt, indicating that well-explained advertisements have a broadly positive effect on purchasing confidence regardless of gender.

17. Give your level of trust in a brand that uses simple understandable ads .  
222 responses

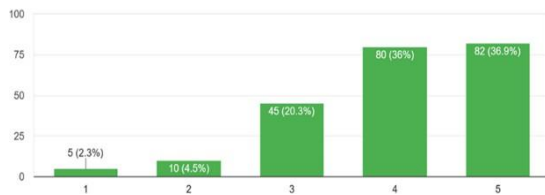


Figure 4.13 illustrates that simple, understandable advertisements generate high levels of trust, with 72.9% of respondents providing top-tier ratings of 4 (36%) and 5 (36.9%). When correlated with the occupational data in Figure 4.3, it is evident that this preference for clarity is driven largely by the student population, who make up 55.4% of the sample, followed by employed individuals at 21.2%. For an audience that is largely composed of students and employed individuals, straightforward and easy-to-understand communication appears to be an important factor in establishing brand credibility. Advertisements that are too complex or ambiguous may create hesitation, whereas clear messaging fits better with the limited time and attention these groups can dedicate to evaluating products. Brands targeting such demographics may benefit from prioritising simplicity and transparency in how they present pricing and product information.

## VI. DISCUSSION AND RECOMMENDATIONS

### Discussion:

What we found through this study was honestly a bit surprising even with so much price information floating around online, most people still don't trust the

brands they buy from. Only 27 out of every 100 respondents in our survey actually believed that companies are upfront about what things cost and why. That's a pretty small number when you think about it. From what we gathered, there are a few reasons this trust gap keeps existing. A lot of companies still bury extra charges in the fine print, and the way prices get set using algorithms is just hard for the average person to follow. Then on top of that, some promotional deals are so complicated that customers end up more confused than they are attracted to the product. One thing that really stood out to us was that people aren't just looking for the cheapest option they want to feel like the price makes sense. Around 73% of the people we surveyed said they'd actually pay a bit more if the brand took the time to explain what they're charging for. We noticed this especially among younger shoppers nearly three out of four of them said they felt better about a brand when communication was clear and open. So, it's not really about slashing prices; it's about helping customers understand what they're paying for and why. When brands make that effort, trust seems to follow on its own.

### Recommendations:

For a start, companies need to be straightforward about what something actually costs no last-minute fees popping up at checkout, no vague line items that leave buyers guessing. Our data showed that drip pricing is one of the main reasons people abandon their carts, so fixing this alone could make a real difference to sales. Next, if a business uses algorithmic pricing where prices shift based on demand or user data customers deserve at least a simple explanation for why the price changed. People don't necessarily mind prices going up or down, but they do mind feeling like they're being manipulated without knowing it. With regulations like the Price Indication Directive already being rolled out in some markets, being transparent here isn't just good practice it's becoming a legal requirement in many places.

Finally, advertising needs to get simpler. Nearly 73% of our respondents said they trusted brands more when the messaging was easy to understand. Fancy campaigns with layers of conditions and fine print don't build loyalty they build doubt. Plain, honest communication works better, and our numbers back that up. Conclusion This study finds that transparent pricing and honest communication about product

value are no longer optional they are central to how consumers decide where to spend their money in today's digital retail environment. Among the 200 respondents surveyed, 71.6% reported high satisfaction when they felt a brand was transparent about its pricing. At the same time, a concerning trust deficit exists, with only 27% of consumers saying they currently believe brands are straightforward about price and value. The main contributors to this problem are hidden fees, drip pricing, and opaque algorithmic pricing systems. The study also found that clarity in advertising is particularly important for the younger demographic, which made up 62% of participants. As this group grows into the primary consumer base, their expectations around price honesty and explainability will increasingly shape market behaviour. Businesses that adopt straightforward and ethical pricing practices stand a better chance of reducing purchase abandonment, retaining loyal customers, and sustaining a competitive position over time.

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