

Is Price Transparency the New Normal?

A quantitative study on the impact of the “last lowest price” on shopping behavior

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Abstract

In the last couple of years, scandals involving retailers using deceptive sales tactics have become increasingly prominent. By manipulating the price before a sale, retailers have been able to make their sales promotion seem more attractive to the shopper than it really is, causing shoppers to make purchasing decisions under false premises. Due to this, the European Union (EU) updated its directive on consumer protection law to add a new section stating that retailers must now disclose the “last lowest price” (LLP), which is the lowest price a product has been at during a price promotion within the previous 30 days. Sweden, being a member of the EU, implemented this directive into national legislation in September 2022, under which Swedish retailers must now include the LLP when presenting the price of a product. This thesis used a quantitative study to examine how consumers’ purchasing behavior and attitudes toward the retailer are affected by the addition of the new reference price (the LLP). The findings showed that disclosing the LLP increases perceived transparency, while being exposed to the LLP decreases purchase intentions. It is inconclusive if the relationship is mediated by transparency, fairness, and perceived value, likewise, it is inconclusive if the relationship is moderated by the price consciousness of the shopper. Given the novelty of the law, we strongly encourage further research into this topic and its potential interconnected variables, and we hope that our thesis can serve as a valuable starting point for investigating how the LLP may influence consumers' purchasing behavior.

Keywords: *Reference price, fake sales, purchase intention, price transparency, perceived price fairness, perceived value, price consciousness, consumer purchase behavior*

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Abbreviation list

Abbreviation	Definition/Explanation
ARP	Advertised regular price
EU	European Union
LLP	Last lowest price
PID	Price Indications Directive (Directive (EU) 98/6/EC)
PID 6a	PID's most recent addition: Article 6a (Directive (EU) 2019/2161)
PIL	Prisinformationslagen (2004:347) (The Swedish Price Information Act)
PIL 7a§	PIL's most recent addition: Section 7a§
TNP	True normal price
“Groups”	This pertains to the three potential groups in which participants were randomly assigned. It encompasses the control group (“No LLP”) and the two groups that received different degrees of the treatment (“LLP10”) and (“LLP50”).
No LLP	Control group: This group received no treatment: participants were not exposed to the shopping scenario, which disclosed the “last lowest price”.
LLP10	One of the two groups that received the treatment. They were exposed to a shopping scenario where the disclosed “last lowest price” discount differed by 11% from the current discount price.
LLP50	One of the two groups that received the treatment. They were exposed to a shopping scenario where the disclosed “last lowest price” discount differed by 59% from the current discount price.

1. Introduction

Price promotions have been an important tool for retailers for a long time (Blattberg & Neslin, 1989). As retailing has evolved and competition has become more intense, retailers have learned to manipulate the prices to make the promotions seem more attractive than they might be in order to gain more sales. In recent years, many scandals have arisen regarding “fake sales”, where retailers increase the price before discounting the product, making misleading price discounts. In November 2021, the Swedish media reported that about 25% of all offers on sale were estimated to be “fake sales” (Melin, 2021). The rise of immoral sales tactics has been reported not only in the Swedish news but also in the international press (Masud, 2022). As a response, the European Union (EU) modified the Omnibus Directive on consumer protection, affecting all its member states, including Sweden. The change in the directive is intended to strengthen consumer protection in light of the digital development.

Following the EU orders, the Swedish government has updated the Swedish Price Information Act (Prisinformationslagen, PIL) to include new rules and regulations regarding how retailers present their sales prices. Along with other customer protection laws, the new section in the law entails that retailers must include the last lowest price within 30 days if they have a product on sale. As such, consumers are now exposed to an additional reference price, namely the lowest price the product has been in the last 30 days. However, in November 2022, close to the first Black Friday sale after its introduction into Swedish law, a survey from Prisjakt, one of the leading price comparison websites in Sweden, showed that only 3 out of 10 companies had implemented the law correctly (SVT Nyheter, Nyberg, & Gudmundsson, 2022).

Retailers use different techniques and may choose how to present the last lowest price as long as they adhere to the regulation. The retailers Lindex, Lyko, and Mio offer examples of how the new law can be put into practice in the Swedish market (Appendix A). On Lyko’s website, shoppers can track an item’s price history for the past month, the past three months, or even the past year. Lyko recently introduced a tool that allows shoppers to compare which other retailers have the product listed and for what price, much like PriceRunner and Prisjakt. For products where adjustments have been made to discounted prices, one can read the following on Mio’s website: “On September 1, 2022, additions were made to the Price

Information Act (2004:347). As a result, we sometimes display a third price (in gray) on some products to inform shoppers of the selling price we have offered the item for on a previous occasion.” (Mio.se).

The focus of this thesis will concern the impact of displaying the last lowest price and the effects on consumer behavior in the context of the change in the Swedish PIL.

1.1 Purpose

This research aims to investigate and contribute consumer insights and recommendations for those to whom the Swedish PIL applies. Due to its recent introduction and implementation into Swedish legislation, no data is currently available to measure its effects on shoppers’ decision-making.

A lot of research has been done on reference pricing during sales promotion and its effects on consumer behavior, but, as far as we know, minimal has been done in the context of disclosing three prices during sales promotions. Studies on reference pricing commonly use concepts such as price transparency, price fairness, perceived value, attitude and credibility towards retailers, as well as intention to purchase (Hanna et al., 2018; Alford & Biswas, 2002; Xia et al., 2004). These studies show that being exposed to an external reference price, such as those seen during price promotions, have positive effects on sales. The research is however limited on the effect of a lower reference price that the shopper needs to pay. Hence, we are interested to see if variables from previous studies within similar fields also apply in a context with three reference prices, if the magnitude of the discount prices impacts consumer behavior, or if it does not. To better illustrate this, we will now present a hypothetical consumer shopping scenario:

Noah is a consumer who is highly price conscious, meaning he is motivated to find the cheapest price. When Noah one day visits an online store to buy a pair of shoes, he discovers that there is a third reference price instead of the two (the original price and the discounted sales price) that he is normally used to, which says that the last lowest price in the past 30 days has been even lower than the current sales price. Noah has never seen this kind of price information before but cannot decide if he likes it or not. He is positive about increased price transparency, but when the price that he now needs to pay differs from what was previously

the case, the price difference creates an unfair perception for Noah. He believes that seeing that the shoes had cost less than the current sales price makes them less valuable. He frets over not exploring the retailer's website earlier when the previous sale price was even lower. Consequently, this makes Noah not fulfill his purchase, and even though he thinks the retailer is trustworthy for practicing transparent pricing, his feelings towards the retailer have been slightly negatively affected because of the disclosure of the last lowest price.

The outcome of our study could confirm the just-presented scenario, show the opposite, or demonstrate that the LLP will have no impact at all on consumer behavior, and this is something we are interested in investigating; More specifically, we want to see if the implementation of section 7a§ of the Swedish PIL has changed consumer behavior and what impact it may have on retailers. In more detail, it aims to investigate whether, and to what degree, disclosing price histories affects shoppers' purchase intentions, the risk that a purchase will be postponed, the credibility of the retailer, and how attitudes toward the retailer have changed. It is proposed that the relationship is mediated by price transparency, perceived price fairness, and perceived value of the product, as well as whether the magnitude of price changes influences the results. Furthermore, if changes are observed, be able to provide recommendations for retailers to whom the new legislation applies. Our research question is formulated as follows:

Does the disclosure of the last lowest price have an effect on shoppers purchasing behavior and their feelings toward the retailer?

1.2 Intended Contributions

This research aims to investigate the newly added section in the Price Information Act and its potential effects on consumer behavior in the Swedish market. The Omnibus Directive is a policy that applies to all European Union member states. However, each member state decides how it will be implemented in its country. In this study, we have limited the investigation to the Swedish legal system's interpretation of EU law and have chosen only to investigate the introduction in an online context. As it is a new law with no research regarding its implications, we intend to contribute insight that may help retailers better understand how price information from previous discounts affects consumer behavior and aid in creating more powerful marketing campaigns for improved sales results. Additionally,

given the fact that only 3/10 retailers adhere to the law (SVT Nyheter, Nyberg, & Gudmundsson, 2022), it shows a lack of awareness of the law. This thesis can be used to bring light to the issue, both for consumers and for retailers.

2. Conceptual Framework

2.1 Emergence of the “Last Lowest Price” Phenomenon

Retailers using “fake sales” have become more common in recent years, according to the Swedish Consumer Agency (Konsumentverket). This trend has also become apparent through the recurrent press from national and international media about retailers advertising attractive but incorrect prices, fake sales, and price comparisons with fictitious regular prices. In 2018, furniture retailer Trademax was charged with paying four million SEK in market disturbance fees due to fraudulent sales and misrepresenting prices (SVT Nyheter, 2018). According to Prisjakt, more than one-third of the offers on their site during July 2022 were believed to involve incorrect pricing, which today would have violated the new section on price indication. According to Carl Lindholm, PR manager at Prisjakt, the rise of fake sales may be related to increased online sales, where traders frequently adjust their prices. In some cases, mistakes have been made unintentionally, while others have not, which Lindholm believes may be due to competitive pressure on retailers, which makes them feel compelled to participate in such activities (SVT Nyheter, De Vivo, & Hüll, 2022).

The change in the law, which requires retailers (both offline and online) to state the lowest price in the last 30 days on discounted offers, is a reaction to this, intending to prevent fake sales (Israelsson, 2022).

2.1.1 Directive (EU) 2019/2161 Amending Directives 98/6/EC

The Omnibus Directive (Directive (EU) 2019/2161), approved by the European Union on November 27, 2019, aims to strengthen consumer rights by modernizing the consumer protection rules of the European Union. It includes stricter requirements for transparency, increased enforcement standards, and charging additional responsibility to traders executing online business and providing digital services in return for personal data. Changes were applied to the four consumer protection directives: The Unfair Commercial Practices

Directive (2005/29/EC), The Unfair Contract Terms Directive (93/13/EEC), The Consumer Rights Directive (2011/83/EU), and The Price Indications Directive (Article 6a) (98/6/EC). The purpose of Directive 98/6/EC, also known as the “PID”, is to enable consumer protection in the indication of the prices of products offered to consumers and to assist them in evaluating and comparing product prices based on homogeneous and transparent information, thereby assisting consumers in making better-informed decisions. PID was revised by Directive (EU) 2019/2161 of the European Parliament and of the Council by adding Article 6a concerning price reduction announcements, which took effect across the European Union on May 28, 2022 (Publications Office of the European Union, 2021).

The scope of Article 6a is as follows:

1. *Any announcement of a price reduction shall indicate the prior price applied by the trader for a determined period of time prior to the application of the price reduction.*
2. *The prior price means the lowest price applied by the trader during a period of time not shorter than 30 days prior to the application of the price reduction.*
3. *Member States may provide for different rules for goods that are liable to deteriorate or expire rapidly.*
4. *Where the product has been on the market for less than 30 days, Member States may also provide for a shorter period of time than the period specified in paragraph 2.*
5. *Member States may provide that, when the price reduction is progressively increased, the prior price is the price without the price reduction before the first application of the price reduction.*

In Article 6a, the issue of price reduction transparency is addressed through specific guidelines to guarantee authenticity. It seeks to prohibit sellers from misleading consumers about the size of the discount and/or artificially inflating the reference price. Apart from increased transparency, it also gives enforcement and market surveillance authorities the tools to control the fairness of price reductions more efficiently, thanks to clear rules on the reference “prior” price on which the announced reduction must be based (Publications Office of the European Union, 2021).

Article 6a applies to price reduction announcements concerning movable goods in all distribution channels (such as online and brick-and-mortar stores), specific items in the seller’s offer and general price reduction announcements. Hence, services, including digital

services and digital content, are not affected by Article 6a (Publications Office of the European Union, 2021).

Examples of price reduction announcements from sellers to which Article 6a is subject could be (1) in terms of a particular amount or percentage (“EUR 10 off” or “20% off”), (2) signs of a new (lower) price together with the sign of the previously applied (higher) price (“was EUR 100, now EUR 50”), (3) other methods of promotions such as those implying that the price reduction equals the same amount as the VAT, or (4) displaying the current price as a “starting” price or alike and indicating a higher price as the upcoming standard price. The article remains applicable whether or not the announcements indicate a measurable price reduction. For announcements that create the impression of a decrease in price amount, for example, “special offers”, “Black Friday offers”, or “sale” prices, sellers must include the “prior” price of the products about which they are concerned in the promotional statement. Article 6a also concerns announcements of price reductions for these products when the announcement is made with regard to the unit price and deals with indicating the “prior” unit price in such circumstances. However, Article 6a is to address “announcements” of price reductions. Therefore, it does not cover, nor is it restricted in any way, to price changes and price reductions without a price reduction announcement. Because of this, it excludes long-term agreements that let customers benefit regularly from lower prices and specific individual price reductions (Publications Office of the European Union, 2021).

Article 6a covers sellers who are the actual contracting parties with the consumer, including sellers of goods through intermediaries like online marketplaces (excluding intermediaries like price comparison platforms). However, the intermediary must adhere to PID regulations if it sells the goods to customers directly or on behalf of another trader. Additionally, Article 6a must also be followed by sellers outside the EU who direct their sales to EU consumers, including those offering through platforms. Member states may suspend the general rule on price reductions for perishable goods (goods liable to deteriorate or expire rapidly), new arrivals (goods that have been on the market for less than 30 days), and goods subject to continuous price reductions (Publications Office of the European Union, 2021).

2.1.2 The Consequences of Violations of the Omnibus Directive

According to the European Commission, directives oblige member states to attain specific outcomes while granting them the freedom to decide which methods to employ to achieve them. To make sure that the objectives of the directive are accomplished, member states must implement measures to incorporate them into their national legislation (referred to as transposition) and must inform the European Commission of these measures. Directives must be transposed into national law within the time frame specified at the time of adoption, which is typically two years. The European Commission may initiate infringement proceedings when a nation fails to implement a directive (European Commission, 2023). As previously mentioned, member states of the European Union were required to transpose the amended Directive 2019/2161 into national legislation by November 28, 2021, and to put it into effect by May 28, 2022 (Legat, 2022).

Failing to comply with any of the obligations risks fines of up to 4% of the annual turnover of the entity in the member state(s) where the violation occurred or up to at least €2 million if turnover information is missing. Member states can enact higher fines in their own legislation as the implementation of the Omnibus Directive comes into effect (Legat, 2022). Since each member state of the European Union decides how the directives are implemented, different member states may enforce the directives differently. Thus, businesses operating across several EU nations may impose various regulations (Ohlin, 2022).

2.1.3 Implementation of Directive (EU) 2019/2161 into the Swedish Price Information Act

On September 1, 2022, a section called 7a§ was added to the Swedish PIL due to the directive from the European Union Directive to implement the Omnibus Directive (Directive (EU) 2019/2161). It aims to promote good price information to consumers (Prisinformationslag, 2022), and the added section reads as follows:

If a product is provided with an indication that the price has been reduced, the previous price must also be indicated. The previous price to be stated shall be the lowest price applied by the trader for the product in the last 30 days prior to the price reduction. If during this time the price has been reduced gradually, the price that applied before the first price reduction

must be stated instead. The previous price does not need to be stated for goods that can quickly deteriorate or become too old. (Prisinformationslag, 2022)

The Swedish Consumer Agency ensures that traders comply with consumer legislation. If consumers discover missing or incorrect price information, they can report it to the Swedish Consumer Agency. If section 7a§ is not followed, section 12 will apply, which states, “If a trader does not provide price information in accordance with this law or in accordance with a regulation announced in support of this law, the Marketing Act (2008:486) shall be applied.” (Prisinformationslag, 2022). In most cases, businesses tend to rectify their practices after being supervised by the Swedish Consumer Agency. However, if no corrective action is taken, the agency may issue an injunction or pursue legal proceedings similar to those proposed by the EU (see 2.1.2 The Consequences of Violations of the Omnibus Directive). The consequences may include marketing restrictions, a monetary fine, or a market disruption fee, calculated based on the company’s turnover. The fee can range from ten thousand SEK to 4% of the previous year’s annual turnover (Konsumentverket, 2022).

It is important to note that the interpretation and implementation of PIL 7a§ may vary among companies (Appendix A). While some opt to disclose extensive information, others may exercise more discretion, and still others may experience delays in adherence to the law altogether. Nonetheless, it is imperative to ensure that all companies comply with legal requirements.

2.2 The Impact of “Last Lowest Price” on Consumer Behavior

In this section, we conceptualize how the introduction of the “last lowest price” law will affect consumers' purchasing decisions and their attitudes toward retailers. Since the law has only been implemented since September 2022, no previous theory or literature specifically explains the mechanisms behind consumers’ reactions to the law. As such, we chose a deductive approach to construct a conceptual framework, applying previous theories on reference prices to base our framework on.

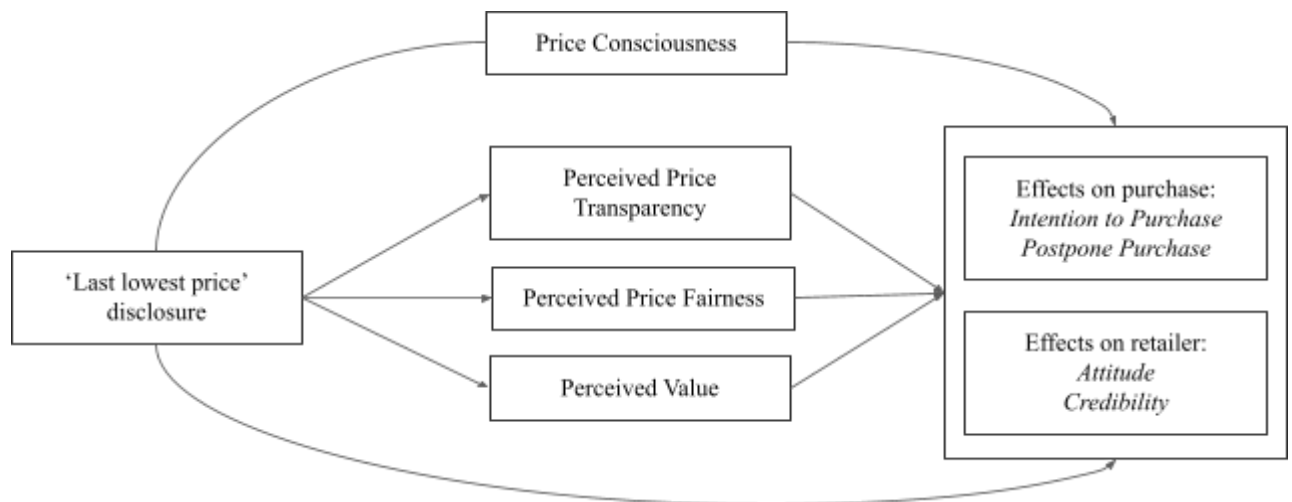
Our main thesis is that once retailers adhere to the updated PIL 7a§, consumers will be exposed to an additional reference price during a price promotion. This reference price will

be lower than, or equal to, what they have to pay, affecting their purchasing behavior and feelings toward the retailer.

By applying previous literature, we argue that the effect of the last lowest price on purchase intention, attitude, and credibility of the retailer is mediated by perceived price transparency, perceived price fairness, and perceived value of the product. It is also conceptualized that price consciousness will moderate this relationship. The following sections will go into depth on each variable to explain the theories behind them specifically.

It is crucial to remember that consumers' intentions to purchase do not guarantee that they will actually do so, and some studies have criticized the careless application of intention measurements and the relationship between these two variables. Nevertheless, it is still regarded as one of the more reliable methods for predicting behavior, and studies have shown that intentions can have an explanatory effect on real-life actions (Howard & Sheth, 1969).

Figure 1: Proposed Framework



2.2.1 Reference Pricing

The magnitude between the LLP and the current sale price is thought to have an effect on the shoppers purchasing behavior and feelings towards the retailer. As seen in reference pricing theory, when consumers are exposed to multiple prices, the prices may assimilate into their internal price standard (Alford, Bruce & Biswas, 2002). Additionally, it has been shown that a higher magnitude of price change affects the internal reference price more dramatically than a lower magnitude of price change (Prakash & Spann, 2022) and that this ultimately affects

the purchasing behavior of the shopper. As such, when there is a larger difference between the LLP and the current sale price, consumers will be more likely to assimilate the LLP into their internal price standard, which will have an effect on purchase intention. Additionally, according to the findings by Staelin et al. (2023), consumers tend to compare the sale price with the TNP and may question the seller's credibility if there is not a significant difference between the two. However, because we are interested in any effect, positive or negative, we hypothesize that a greater magnitude between the LLP and current sales price will influence consumers' attitudes and credibility toward the retailer as well.

H1a: Higher magnitude between the sales price and the last lowest price will have an effect on...

H1a₁: purchase intention.

H1a₂: credibility.

H1a₃: attitude.

A recent study by Staelin et al. (2023) explored a topic similar to ours. The study recommends that when companies use comparative prices in their pricing communications, they should reveal the item's true normal price (TNP). This additional price information displays the price most commonly charged by a retailer in the previous three months. The study indicates that displaying an advertised regular price (ARP) together with a sale price significantly increases the probability of a consumer purchasing the product. However, adding the third price (the TNP information) eliminates the effect of ARP (Staelin, Urbany, & Ngwe, 2023). Therefore, we hypothesize that disclosing the LLP may have a negative impact on shoppers' purchase intentions.

H1b₁: Disclosing the "last lowest price" will decrease purchase intention.

Fanoberova and Kuczkowska's (2016) study shows that relevant and accurate product information positively influences consumers' attitudes toward retailers and retailers' credibility (Fanoberova & Kuczkowska, 2016). This was also proposed by Miao and Mattila (2007), who claim that when there is more relevant information available, consumers perceive it to be more credible, which then in turn carries more power (Miao & Mattila, 2007). When there is more factual information that the shopper can use, the retailer is perceived to be more trusted, which in turn affects its credibility. Likewise, once a retailer is

open and honest about its pricing, consumers may feel that the retailer is trustworthy, thus creating positive attitudes towards the retailer (Hanna et al., 2018). Hence, we hypothesize that the disclosure of the LLP will have a positive effect on shoppers' attitudes towards the retailer, as well as on shoppers' perceived credibility of the retailer.

H1b2: Disclosing the “last lowest price” will increase credibility.

H1b3: Disclosing the “last lowest price” will increase attitude.

2.2.2. Price Transparency

With the rise of the internet and online shopping, consumers are able to find information about the price history of a product by searching online (Daripa & Kapur, 2001). Price comparison websites, such as PriceRunner and Prisjakt, allow shoppers to not only track the pricing of a specific product over time, but these businesses also send alerts when products are historically high or low priced (Hanna et al., 2018). Although this data has been available to consumers for over 20 years, not all shoppers take the time to look up the product price history before purchasing (Populus, 2020). The new PIL 7a§ law is changing this phenomenon, as now retailers are obligated to inform shoppers of the LLP if they place the product on a price promotion on the webpage, making a portion of the pricing history of the product more observable to the shopper.

Price transparency refers to the amount of relevant and accurate price related information that is easily available to buyers (Hanna, Lemon, & Smith, 2018). In other words, having full price transparency implies that buyers and sellers have the same access to information regarding the prices and how the price develops (Granados, Gupta, & Kauffman, 2008). A retailer can manage price transparency in different ways, such as by utilizing a consistent pricing strategy or disclosing and highlighting price changes (Hanna, Lemon, & Smith, 2018). Our study assumes that the more information a retailer provides about the products' prices, the more transparent they are about the price. With PIL 7a§, retailers need to provide the LLP once they place a product on a promotion, which will inherently result in an increase in price transparency. There is a varying degree of price transparency apparent in the Swedish online market. Some retailers take it a step further and give access to the full price history of a product. Lyko (Lyko.com), for example, is a leading Swedish online retailer that has implemented a price history for each of its products, where consumers can track the price

development over a 12-month period. Moreover, Lyko gives a list of competitors who also carry the same product and the corresponding listing price (Appendix A). Other retailers conceal the last lowest price as much as possible, as seen in Mio (Mio.se), where the last lowest price is only apparent once the shopper clicks on the question mark (Appendix A).

H2a: Disclosing the last lowest price will increase perceived price transparency.

Consumers change not only their purchase intentions, but also the timing of their purchase when there is uncertainty around the price (Hanna, Lemon, & Smith, 2018). Uncertainty arises in consumers when they do not have access to all the information needed to make an accurate choice (Al-Adwan, Alrousan, Yaseen, Alkufahy, & Alsoud, 2022), and when retailers know more than the shopper (Erdem, Swait, & Louviere, 2002). For instance, a product with a volatile pricing strategy for which a consumer does not see the pricing history will make the shopping situation uncertain. When consumers have more information regarding whether the price is low or high, they are able to make a better-informed decision and thus have a less uncertain purchase situation (Bell, 1982). Hence, some might not rush to purchase if they believe it might decrease in price soon, or it can indicate that the current price is low and that they should purchase immediately. Similar findings were found in an online hotel booking setting, where results indicated that pricing information presented transparently held more persuasive power and increased sales (Miao & Mattila, 2007). As such, when there is price transparency, consumers will feel more secure over the purchase, lessening the degree of uncertainty, which in effect will dictate their purchasing intentions as well as the timing of the purchase.

Another important aspect of price transparency is its effect on trust. Trust is important when it comes to a retailer being perceived as credible and fostering good relationships with its shoppers (Morgan & Hunt, 1994). Trust is conceptualized as the confidence that each party in the relationship will act with integrity and reliability (Singh, J., Iglesias, & Batista-foguet, 2012). Trust is formed when the two parties share intimate information with each other (Ha, 2004). As such, a retailer being open and transparent about their pricing represents an act of intimate disclosure, thus enhancing trust (Mohan, Buell, & John, 2020). This is observed in social psychology, where it has been shown that self-disclosure of sensitive information fosters better quality relationships due to invoked trust (Mohan, Buell, & John, 2020). When the retailer discloses intimate information, such as the pricing history, shoppers view that as

sensitive information and a sign of a trustworthy retailer. When there is trust in the relationship, it has effects on the consumer, namely that consumers will have a more positive attitude towards the retailer, which may heighten their intentions to purchase from that specific retailer over another (Mohan, Buell, & John, 2020). Likewise, the trust built in the relationship can make the retailer more credible in the eyes of the consumer. This is because once a retailer shares information regarding its business, it signals to the shopper that they are being honest and not concealing information (Erdem, Swait, & Louviere, 2002).

H2b: Price transparency is mediating the effect of LLP disclosure on...

H2b₁: purchase intention.

H2b₂: credibility.

H2b₃: attitude.

2.2.3 Perceived Price Fairness

The concept of price fairness perceptions has been a popular research topic in literature. As retailing has evolved, there are multiple circumstances where two shoppers may pay different prices for the same product. For instance, some retailers employ a dynamic pricing strategy (P.K. Kannan, 2001), such as airline providers, who can charge various prices depending on the timing of the purchase. Other retailers may have special promotions for certain shoppers, such as membership deals or first-time buyers (Lyn Cox, 2001). Similarly, limited time sales promotions allow some shoppers to pay less for a product while others have to pay more. Fairness is commonly referred to as being just and reasonable, in which equality is often compared with fairness (Bolton, Warlop, & Alba, 2003). As such, price fairness perception is conceptualized as consumers' perception that what they are paying is not only reasonable, but also justified compared to a reference price (Xia, L., Monroe, K. B., & Cox, J. L.).

When shoppers are exposed to multiple different prices on the same product page, they are inherently exposed to different reference points. On a given product webpage during a price promotion, the prices present will be the original price, the current sale price, and now, with PIL 7a§, also the lowest price the product has been within 30 days. This entails that shoppers will see these different prices and can make a judgment about whether the price they have to pay is fair or not. Seeing that the reference price is lower may affect how fair they perceive the current price to be. When the price that the current shopper needs to pay differs from what

was previously the case, the price difference may create an unfair perception. Bolton et al. (2003) argue that the “fairness of a given transaction is a function of the characteristics of other transactions or potential transactions” (Bolton et al., 2003), p. 474), suggesting that shoppers’ perceptions of fairness will only arise when they are able to compare their current transaction price with another price. As such, we believe that once exposed to the different prices on the webpage, shoppers will create fairness perceptions, leading to an evaluation of whether or not they perceive the price to be fair.

H3a: Disclosing the last lowest price will decrease perceived price fairness.

Additionally, evidence has shown that price unfairness is linked with emotions (Xia, Monroe, & Cox, 2004), meaning that there is a large affective effect that arises when shoppers feel they are treated unfairly. Feelings of anger and distrust are thought to arise when people feel inequality, and as such, those shoppers will judge the retailer in response (Urbany, Madden, & Dickson, 1989). With this in mind, shoppers who perceive a price as unfair will have a negative attitude and distrust towards that retailer. Additionally, once they feel that it is unfair, shoppers will show lower levels of purchasing satisfaction and, thus, intentions, given that they feel the price is unjust (Haws & Bearden, 2006).

H3b: Perceived price fairness is mediating the effect of LLP disclosure on...

H3b₁: purchase intention.

H3b₂: credibility.

H3b₃: attitude.

Interestingly, when shoppers judge whether a transaction is deemed fair or unfair, it is thought that they consider how similar their transaction is compared with the reference transaction (Xia, Monroe, & Cox, 2004). Xia et al. (2004) argue that when the degree of similarity between the transactions is low, the differences between the two transactions are able to explain the price difference. Thus, the current transaction may be deemed fair by shoppers, even if they have to pay a higher price compared to the other transactions. For instance, shoppers might consider the translation time to have an important role in the price discrepancies, so while they now have to pay a higher price, they understand that promotions are time-limited and miss their chance. As such, due to the different timing of the transaction, even though the shopper has to pay a higher price, they will deem it fair.

This stream of thinking was also argued in Darke & Dahl's (2003) article on how discounts affect perceived fairness. According to the authors, shoppers are aware of social cues such as "the price other customers pay as well as the relationship between buyer and seller" (Darke & Dahl, 2003), p. 330), and that these then affect perceived fairness. Some shoppers are aware that promotions are only temporary and that if they miss out, they must pay the current price, or that retailers frequently have targeted promotions for different shoppers. As such, their study provided evidence that if shoppers were aware of the justification for the different sale price, it resulted in higher perceived fairness and satisfaction than if they were not aware. In that case, if one is exposed to the LLP, some experienced shoppers might automatically understand that they missed out on the lower discount, and thus, even if they now have to pay a higher price, they will not judge the transaction as unfair.

Given the above theories on price fairness perceptions, the lowest last price can have two distinct effects on perceived price fairness. On one hand, shoppers being exposed to a new lower reference price will affect what they feel is fair, and knowing that others have paid less will make them perceive that their current transaction is overpaying and thus unfair. On the other hand, some shoppers are already aware and have accepted that price promotions are temporary. This means that the shopper had a fair chance to purchase the product at a discounted price, so the fact that they now have to pay more is due to their own actions, and thus they judge the transaction as fair.

2.2.4 Perceived Value

Perceived value is a concept that has been well researched, and it has been shown that an important aspect of value is price (Yoon, Oh, Song, Kim, & Kim, 2014). Perceived value is commonly referred to as the ratio of perceived benefits gained to perceived sacrifice lost, and is thus more commonly known as a ratio of a product's costs to benefits (Grewal, Monroe, & Krishnan, 1998). Dodds and Monroe popularized the topic with their framework showing how the price, which is the external characteristic that shoppers are exposed to, affects how shoppers perceive the value via perceived quality and perceived sacrifice (Dodds & Monroe, 1985). Higher prices lead to higher perceived quality (and thus higher benefits), and increase the sacrifice required to purchase the goods. As a result, the model shows

whether a shopper will purchase the product or not, as it depends on the gains the shopper perceives they will get and the sacrifice they face.

When a product is on sale, marketers will often use an advertised reference price so that shoppers can focus on the difference between the two prices, making the offer more attractive (Alford, Bruce & Biswas, 2002). Thaler's theory on reference prices helps to explain the mechanisms behind this. According to the transaction utility theory, the total value of a product is composed of two factors (Thaler, 1983). Firstly, the value will be derived from the acquisition utility, or “the expected pleasure gained from purchase and use of the product less the displeasure of paying for it” (Urbany, Bearden, & Weilbaker, 1988), p. 97). Secondly, the value will also be derived from the transaction utility, which is a function of the actual price and the shopper's internal reference price. As a result, the overall perceived value can be significantly affected by the shopper's internal reference price, which is affected by the advertised reference price (Alford, Bruce & Biswas, 2002). The advertised reference price can move the shopper's internal price standard, making the lower promotion price seem more attractive and thus increasing the perceived value.

What would happen then, when shoppers are exposed to the lower price that the product was previously priced at, and now it costs more? The LLP may alter the internal reference price, in which shoppers now expect the price to be lower, as shoppers exposed to the LLP may assimilate the lower price into their internal reference price. Observing that the shopper now needs to pay more than their internal reference price, the perceived sacrifice is higher, while the perceived benefit has remained the same. The change in the ratio causes the perceived value to decrease. While the price is still lower than the original price, exposure to the cheaper LLP affects how they view the new price. The shoppers now need to decide if the difference between the last lowest price and the price they must pay is significant enough to change how they feel.

H4a: Disclosing the last lowest price will decrease perceived value.

Additionally, once a shopper sees that they have to pay more than what they potentially could have paid, it can result in withholding purchases due to loss aversion. Taking from the prospect theory developed by Kahnemann and Tversky in 1979, price increases (perceived loss) cause a larger negative effect than a price decrease (perceived gain), causing a positive

effect of the same magnitude because “losses loom larger than corresponding gains” (Tversky & Kahneman, 1991, p.1047). It has been shown that shoppers' responses to gains and losses are asymmetric (Kopalle, Rao, & Assunção, 1996), in which a potential loss will entail a lower perceived value of the product than a potential gain, creating a higher perceived value. Shoppers thus feel a loss when their reference price is lower than the current price, putting them off from purchasing the product to avoid the loss (Fibich, Gavious, & Lowengart, 2007). Even though the price is on sale and thus shoppers are getting a price discount, there is an “asymmetry of pain and pleasure” (Tversky & Kahneman, 1991), p. 1057), causing people to feel the pain of having to pay more than others more heavily than the pleasure of still receiving a price discount.

Perceived value notably has an effect on purchase intentions, however, the effect can also be seen on the shoppers feelings towards the retailer. When shoppers view that the price has been cheaper before, they may generate negative attitudes towards that retailer (Garbarino & Lee, 2003). When a shopper notices that the price changes a lot, which is more apparent in the LLP disclosure, they generate feelings of untrust, which in turn affect their credibility and attitude towards the retailer.

H4b: Perceived value is mediating the effect of LLP disclosure on...

H4b₁: purchase intention.

H4b₂: credibility.

H4b₃: attitude.

2.2.5 Price Consciousness

Price consciousness refers to the degree to which the shopper deliberately focuses predominantly on paying lower prices (Lichtenstein, Ridgway, & Netemeyer, 1993). Those who are more price conscious place a larger weight on price, specifically paying a low price, when making a purchasing decision. On the other side of the spectrum, those who are not price conscious do not look at the price when making a purchasing decision. Those who score high on price consciousness are motivated to find the cheapest price (Alford, Bruce & Biswas, 2002), and as such, they may put off purchasing when exposed to the LLP compared to their lower price consciousness counterparts.

H5: Price consciousness is moderated by the effect of LLP disclosure on...

H5₁: purchase intention.

H5₂: credibility.

H5₃: attitude.

2.3 Hypothesis Summary

In this section, the hypotheses are presented together in a table.

Table 1: *Summary of hypotheses*

LLP Disclosure	H1a: Higher magnitude between the sales price and last lowest price will have an effect on... H1a ₁ : purchase intention. H1a ₂ : credibility. H1a ₃ : attitude.
	H1b: Disclosing last lowest price will... H1b ₁ : decrease purchase intention. H1b ₂ : increase credibility. H1b ₃ : increase attitude.
Price Transparency	H2a: Disclosing the last lowest price will increase perceived price transparency.
	H2b: Price transparency is mediating the effect of LLP disclosure on... H2b ₁ : purchase intention. H2b ₂ : credibility. H2b ₃ : attitude.
Perceived Price Fairness	H3a: Disclosing the last lowest price will decrease perceived price fairness.
	H3b: Perceived price fairness is mediating the effect of LLP disclosure on... H3b ₁ : purchase intention. H3b ₂ : credibility. H3b ₃ : attitude.
Perceived Value	H4a: Disclosing the last lowest price will decrease value.
	H4b: Perceived value is mediating the effect of LLP disclosure on... H4b ₁ : purchase intention. H4b ₂ : credibility. H4b ₃ : attitude.
Price Consciousness	H5: Price consciousness is moderated by the effect of LLP disclosure on... H5 ₁ : purchase intention. H5 ₂ : credibility. H5 ₃ : attitude.

3. Methodology

Within this section, we explain the methodology employed to address our research question. In order to examine our hypotheses, we chose to utilize a quantitative approach and execute one main study.

3.1 Research Method and Approach

This study is conducted as empirical research to test our hypotheses. Our hypotheses are formulated based on existing theories concerning shopper behavior (affecting purchase intention and feelings towards the retailer) on price transparency, price fairness, and perceived value, and tested in empirical studies.

The research methodology adopted is deductive (Zikmund, Babin, Griffin, & Carr, 2010), where hypotheses are formulated based on existing theories about how shoppers respond to pricing, then empirically tested through quantitative research, which involves collecting and analyzing data to test those hypotheses.

3.2 Experimental Research Design

To answer our research question of how the new LLP policy will affect shoppers' purchasing behavior and feelings toward the retailer, we employed a quantitative experimental research design for our study. As the new law is such a novel research area, we went in with an exploratory mindset to understand the underlying mechanisms of this law, where there is much room for further research (Zikmund et al., 2010). Additionally, we conducted our research in a controlled experimental setting in order to minimize the effects of extraneous variables and allow this research to be replicated by others in other contexts. By employing an experimental research design, we are able to test our hypotheses and ultimately confirm or declare no support for them. This allows for a systematic testing of the causal claims between the independent variable, disclosure of LLP, and the dependent variables, purchasing behavior and feelings towards the retailer.

Furthermore, the research was conducted with all the subjects viewing identical pictures of a shopping scenario but with different stimuli manipulations, with one control group that did not receive exposure to the LLP, and two treatment groups that received exposure to the LLP to varying degrees. This allowed for comparisons between the groups' reactions to the stimuli. The participants were randomly distributed within the groups, following a between-subject design (Söderlund, 2018).

Regarding the subject of the study, it was important to select an item that is as “neutral” as possible in terms of shopping orientation and sex neutrality. This was to ensure that the

purchasing situation was realistic and remove any biases toward the reasoning behind purchasing the product. Moreover, it was important to have a product that the participants were familiar with, and that frequently is subject to sale promotions, aiding with the realistic nature of the study (Alford, Bruce L. & Biswas, 2002). As such, the chosen product used in the study is an athletic shoe, as it fits the above criteria of being both a hedonic and utilitarian product, it is gender neutral, and it is often on sale promotions (Appendix B).

The website used for the various scenarios was chosen based on its features of being a well-known retailer in order to increase truthfulness and a credible situation when shopping for athletic shoes. The website's image was simplified and designed to look like a "normal" online retailer. Along with the picture of the website was a text in which participants were asked to imagine themselves in a certain situation, which is often referred to as a text-based role-play scenario. Participants were asked to read a description of a situation in which they were to imagine themselves as shoppers in a specific shopping situation and act as if it were real. The situation ensures that each participant has the same context of the purchasing situation, allowing us to ensure that their response to the stimuli is what we are studying. A role-play experiment is a useful tool for developing simple and inexpensive treatments that ensure all participants in each treatment group are given the same treatment. To lessen the effects of any possible confounding variables, features on the website, and features like the brand name and logo on the product, have been removed. This ensures that the participants focus is directed to what is being explored, namely the exposure to the LLP (Söderlund, 2018).

The text-based role-play scenario read as follows:

Imagine that you are shopping for athletic shoes at an established online retailer. You are scrolling through the selected category and find a pair in your preferred size and style. You click on the product and notice that this athletic shoe is actually on sale.

3.3 Study Design

The study included manipulating stimuli and comparing the groups' reactions after they were exposed to different levels of treatment. The experiment employed a between-subjects design with a single factor (the treatment) and different levels of that treatment. It included a manipulated factor, the disclosed LLP discount price, and the levels of treatment were the

magnitude of that particular disclosed LLP discount price. Participants were evenly, but randomly, assigned to one of three groups: "last lowest price" of +11% (referred to as LLP10), "last lowest price" of +59% (referred to as LLP50), or a control group that received no treatment at all (referred to as No LLP) (Söderlund, 2018).

To study our research question, we conducted an experiment as a self-completion questionnaire (Appendix C). An overview of how the survey was conducted is found in the table below.

Table 2: *Overview of study flow*

1	2	3	4	5	6	7
Introduction	Potential moderator	Randomized picture & scenario	Questions for dependent variable	Questions for independent variables	Control questions	Demographics
Topic intro	Price consciousness	No LLP	Purchase intention	Price transparency	Survey topic	Age
GDPR		LLP10	Postponement of purchase	Perceived price fairness	Price of the shoe	Gender
Estimated time to complete		LLP50	Credibility of retailer	Perceived value		
Contact information			Attitude towards retailer	Hedonic vs utilitarian		

3.3.1 Measurements

In this section, the variables studied in the experiment are explained. A multi-item question design was implemented throughout the study, with each variable assigned at least three different statements. This ensured that we captured the entire concept in our questions and minimized measurement errors. Subsequently, Cronbach's alpha was calculated to determine which concepts could be merged into an index, and reliability tests that were calculated at 0.70 or above were formed into an index. Additionally, most questions were constructed with a 7-point Likert scale, where the scale's extreme ends presented contradictory statements, utilizing both bipolar and rating degrees of statements. This response scale is considered the best when using bipolar constructs in order to enable the optimal reliability and validity (Core XM Ebook).

Dependent Variable:

Purchase intentions

Purchase intention is a common concept in research within the retail industry (Morrison, 1979). As such, we choose to measure it as it is commonly measured, namely by asking the following questions; (1) “If I were to buy athletic shoes, the probability of buying this shoe is...” (2) “The likelihood that I would consider buying this athletic shoe is...” (3) “My willingness to purchase this athletic shoe for this price is...”. These items were scored on a bipolar scale ranging from (1) extremely low to (7) extremely high. Cronbach's alpha was 0.88 for purchase intention, and as such, an index was made with the three questions.

Postponement

Purchasing postponement was asked in an exploratory form to see if any evidence suggests that exposure to the last lowest price affects when the purchase takes place. The postponement concept was studied by including the following questions in the questionnaire. Firstly, this question was asked: (1) “Given the information about the price, how likely are you to wait to purchase these shoes?” This was scored on a bipolar scale ranging from (1) extremely unlikely to (7) extremely likely. If respondents answered 5-7 on the previous question, they would be prompted to answer the next two questions, the rest skipped the next two questions. The next question that was posed was: “Approximately, how long would you wait to make this purchase?” Respondents had four options to pick, namely “0-30 days”, “31-60 days”, “61-90 days”, and “more than 90 days”. Lastly, this question was asked in the survey: “What could be a reason why you would postpone this purchase?”. Here, respondents could choose more than one option of answers, fill in themselves, and/or choose “I would wait until the price goes down” and/or “I am not happy with the retailer and the information provided”.

Credibility of Retailer

To measure the credibility of the retailer that the respondents felt, four questions were posed to ultimately create an index (Singh & Banerjee, 2021). Credibility refers to the feeling of trust and character, and as such, the following questions were asked: “Based on the picture, I am confident that this retailer is...”, “...is trustworthy.”, “...is ethical.”, “...is honest.”, “...delivers what it promises.”. The questions were asked on a 7-point scale, ranging from (1) strongly agree to (7) strongly disagree. Four related statements in the survey were weighted together to create the variable credibility of the retailer, resulting in a Cronbach's alpha of 0.92.

Attitude towards retailer

To measure attitude towards the retailer, three related questions were asked to capture different aspects of attitude and ultimately create an index for it (Goldsmith et al., 2000). The respondents were asked to rate their reactions to three aspects of attitude on a bipolar scale. The questions were: “My attitude towards the retailer is...” including the ratings “Very negative - Very positive”, “Very bad - Very good”, “I do not appreciate it - I appreciate it”. The three statements about the participants’ attitude towards the retailer resulted in a Cronbach’s alpha of 0.92, and thus an index was created.

Meditating Variables

Perceived price transparency

Perceived price transparency was measured using three questions (Miao & Mattila, 2007). The following questions were posed in an attempt to capture the full concept of price transparency. First, “I have all the price information needed to make a purchase.”, second, “The retailer is transparent with their pricing.”, and third, “I am properly informed about the prices of athletic shoes.”. The questions were asked on a 7-point Likert scale, ranging from (1) strongly agree to (7) strongly disagree. The transparency variable was created by weighting three statements together, resulting in a Cronbach’s alpha of 0.82, and thus an index was created.

Perceived price fairness

Price fairness was captured using a bipolar scale with three questions (Urbany et al., 1989). The respondents were asked to rate how they perceive the current price, using the following statements: “(1) Very unreasonable - (7) Very reasonable”, “(1) Very unacceptable - (7) Very acceptable”, “(1) Very unfair - (7) Very fair”. The three survey-related questions about price fairness were weighted together, resulting in a Cronbach’s alpha of 0.91, and thus an index was created.

Perceived value

The perceived value of the product was captured by asking the respondents to rate the following three questions on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) (Sweeney & Soutar, 2001). (1) “The current price corresponds to the expected quality of the athletic shoes.”, (2) “These athletic shoes are a good value for money.”, (3) “These athletic

shoes are sold at a bargain.”. The three statements about participants’ perceived value resulted in a Cronbach’s alpha of 0.84, creating an index.

Moderator

Price consciousness

Three 7-point items were used to measure price consciousness (Alford & Biswas, 2002). These items were: “I am willing to spend extra time on finding lower prices.”, (2) “I will shop at more than one store to take advantage of low prices.”, (3) “The money saved by finding lower prices is usually worth the time and effort.”. An index was created as the Cronbach’s alpha equaled 0.76.

3.3.2 Data Collection and Participants

The survey (Appendix C) was distributed through an anonymous link via the Internet, posted on different online platforms (Facebook and LinkedIn), sent out via emails, and randomly distributed to people by approaching individuals at Stockholm University (asking them to complete our survey using a QR-code). Recruited participants were randomly assigned to one of three manipulated shopping scenarios, and thus received the same, but different levels of that particular treatment, if not assigned to the “No LLP” with no treatment. Following the treatment, a comparison was made between the reactions of the different groups (Söderlund, 2018).

The questionnaire was distributed online and in person to ensure the most diverse and representative sample possible. Our convenience sampling approach was found to be arguable due to resource and time constraints, despite its criticism that there is no real alternative to proper random probabilistic sampling if the goal is to deduce population characteristics based on that sample (Söderlund, 2018). Additionally, experimental treatments’ relative effects are often more interesting than their absolute effects, and randomly assigning respondents to the treatment group is more critical to securing validity than the sample’s representativeness (Söderlund, 2018).

The sample included 123 completed respondents out of 179 in total, with 41 participants in each group, collected over a period of 22 days. The survey had a completion rate of 68.7%, resulting in a dropout rate of 31.3% (the number of people who started the study but did not finish it). The survey included two control questions, one of which was an instructional

manipulation check, in which respondents were asked to answer the question “What was this survey about?” with three possible options: “Customer review for hotel booking”, “Price discounts on an athletic shoe”, or “Taste preferences for ice cream”. This question was included to ensure they understood the situation and what they were subjected to. (Söderlund, 2018). The second control question asked participants to recall the current sales price shown in the image provided in the text-based role-play scenario, where the alternatives were either “445 kr”, “1300 kr”, or “819 kr”. After excluding those who answered incorrectly to any of the two questions, there were 122 valid responses left, implying that one participant failed.

Participants were allowed to take the survey in Swedish or English; the majority, 73.8%, chose Swedish, while 26.2% chose English. Of the 122 respondents, 65 were female, 55 were male, and 2 were non-binary. The ages ranged from 19 to 67, with a mean of 28.71 years old ($SD = 11.14$). Before continuing into the data analysis, a control was conducted to ensure that variables that were not focal in the study did not affect the results. The results showed no significant differences in age, gender, and shopping orientation, i.e., hedonic versus utilitarian.

4. Empirical Analysis

In this chapter, the study’s empirical results will be presented. First, a One-Way ANOVA was conducted for the various dependent variables, controlling for possible confounding variables. Second, an Independent T-Test was conducted, comparing the “No LLP” (i.e., LLP was not disclosed) versus the “LLP50” treatment group (i.e., LLP was disclosed). Next, mediation analysis was conducted on the various dependent variables and their potential mediators. Lastly, a moderation analysis was conducted to understand the potential moderating effects of price consciousness.

This analysis used a significance level of 0.10. While a 0.05 level of significance is thought to be the most common standard (Söderlund, 2018), the significance level is just an arbitrary number (Alifieris, Souferi-Chronopoulou, Trafalis, & Arvelakis, 2020). Given that our research subject is in its early stage due to the law recently entering into force, we believe a significant level of 0.10 is reasonable. We contend that, even though choosing a higher significance level increases the risk of Type I errors, the benefits will outweigh any minor economic costs that such an error may have (Sullivan & Feinn, 2012).

4.1 The Effect of Magnitude Between the LLP and Current Sale Price

Hypotheses H1a₁, H1a₂, and H1a₃ indicated that the magnitude between the LLP and the current sale price would significantly affect the dependent variables, namely purchase intention, attitude towards the retailer, and perceived credibility of the retailer. One-Way ANOVA was utilized to test for this, and the results are summarized in the table below.

Table 3: One-Way ANOVA results

Variable	Groups	Means	<i>p value</i>
Purchase intentions	No LLP	4.25	0.313
	LLP10	3.87	
	LLP50	3.78	
Attitude	No LLP	4.45	0.558
	LLP10	4.37	
	LLP50	4.63	
Credibility	No LLP	4.39	0.360
	LLP10	4.37	
	LLP50	4.73	

The One-Way ANOVA tests resulted in insignificant results, given that the mean differences between the two experimental groups were minimal. This suggests that the magnitude between the LLP and the current sale price does not impact the dependent variables. However, only observing the means, shows that the means are moving in a reasonable direction, as hypothesized. For instance, results show that purchase intentions are lowest for the LLP50 ($M = 3.78$) and highest for the “No LLP” group ($M = 4.25$). Additionally, perceived credibility is highest for the LLP50 ($M = 4.73$) and lowest for the LLP10 ($M = 4.37$). As such, the results suggest some directional support for purchase intentions.

Given that the One-Way ANOVA showed no significant results, the following analysis will focus on the differences between disclosing and not disclosing the LLP, by comparing the groups “No LLP” to the LLP50, as the difference will be the greatest between these two groups. We argue that while this is somewhat different from the original argument, the results from comparing “No LLP” to one of the treatment groups will still generate a good

contribution to both theoretical and practical implications. Hence, our hypotheses remain unchanged, but “the groups” now represent the “No LLP” and the treatment group LLP50.

4.2 The Effect of Disclosing LLP

Furthermore, it was hypothesized that the LLP would have a direct effect on each respective mediator variable, namely price transparency (H2a), price fairness (H3a), and perceived value (H4a). Additionally, it was also hypothesized that disclosing the LLP would affect the dependent variables, namely purchase intentions (H1b₁), credibility (H1b₂), and attitude (H1b₃). To address these, an Independent T-Test was conducted using the “No LLP” group, which was not exposed to the LLP, and the LLP50 treatment group, which saw a 50% cheaper LLP, in which each variable was tested. The results are summarized in Table 4.

Table 4: Independent T-Tests Results

	Variable	Group	Mean	one sided p value
Mediating Variables	Perceived price transparency	No LLP	4.50	0.052*
		LLP50	5.04	
	Perceived value	No LLP	3.97	0.443
		LLP50	4.01	
	Perceived price fairness	No LLP	4.44	0.311
		LLP50	4.30	
Dependent Variables	Purchase intentions	No LLP	4.25	0.087*
		LLP50	3.78	
	Attitude	No LLP	4.45	0.251
		LLP50	4.63	
	Credibility	No LLP	4.39	0.122
		LLP50	4.73	

* Significant at the $p = .10$ level

The results support H2a, in which the exposure of the LLP increases perceived price transparency ($p = 0.052$). The respondents in group LLP50 indicated a higher level of transparency ($M = 5.04$) compared to the respondents in “No LLP” ($M = 4.50$). The results show no significant differences between the groups on the variables perceived value and perceived price fairness, showing no support for H3a and H4a.

Additionally, the Independent T-Tests generated significant results for purchase intentions ($p = 0.087$). These results support H1b₁, which states that exposing the shopper to LLP decreases

purchase intentions (LLP50: $M = 3.78$, No LLP: $M = 4.25$). However, the results do not support a statistical difference between the groups for the variables' credibility and attitude; as such, H1b₂ and H1b₃ are not supported.

4.3 Mediating Roles of Transparency, Perceived Fairness, and Perceived Value

In this section, the results from mediation tests will be presented. Mediation tests were run between the respective dependent variables, the assumed mediating variables, and the independent variables, which were “No LLP” versus LLP50.

4.3.1 Purchase Intention

Table 5: *Summary of mediation analysis on purchase intention*

Total effect: (No LLP + LLP50) → Purchase intention	Direct effect: (No LLP + LLP50) → Purchase intention	Relationship	Indirect effect
-0.2343 ($p = 0.1743$)	-0.2432 ($p = 0.1310$)	No LLP + LLP50 → Transparency → Purchase intention	0.0212
		No LLP + LLP50 → Fairness → Purchase intention	-0.0181
		No LLP + LLP50 → Perceived value → Purchase intention	0.0057

Hypotheses H2b₁, H3b₁, H4b₁ propose that the relationship between “No LLP” and LLP50, and purchase intention is mediated by transparency, perceived price fairness, and perceived value. When doing a mediation analysis, the results revealed no significant results for the total effect ($\beta = -0.23$, $p = 0.17$), direct effect ($\beta = -0.24$, $p = 0.13$), or indirect effects for each respective mediator. The hypotheses are thus not supported.

4.3.2 Credibility

Table 6: Summary of mediation analysis on credibility

Total effect (No LLP + LLP50) → Credibility	Direct effect: (No LLP + LLP50) → Credibility	Relationship	Indirect effect
0.1675 (p = 0.244)	0.0398 (p = 0.728)	No LLP + LLP50 Transparency → Credibility	0.1332*
		No LLP + LLP50 → Fairness → Credibility	0.0071
		No LLP + LLP50 → Perceived value → Credibility	0.0015

* Significant at the p = .10 level

Moreover, H2b₂, H3b₂, and H4b₂ proposed that the relationship between the groups (“No LLP” and LLP50) and credibility is mediated by transparency, perceived price fairness, and perceived value. The results indicate that the total effect is insignificant ($\beta = 0.167$, $p = 0.244$), meaning the mediation model is not supported. Interestingly, the indirect effect of transparency is significant ($\beta = 0.1332$, $p = 0.0000$), indicating that transparency partially mediates the relationship between the groups and credibility. Additionally, the direct effect between transparency and credibility is significant ($\beta = 0.4954$, $p = 0.0000$), indicating that increased transparency may increase the credibility of the retailer. Nonetheless, the overall mediation model on the relationship between the independent variable and dependent variable is not significant, and thus the hypotheses are not supported.

4.3.3 Attitude

Table 7: Summary of mediation analysis on attitude

Total effect (No LLP + LLP50) → Attitude	Direct effect (No LLP + LLP50) → Attitude	Relationship	Indirect effect
0.089 (p = 0.499)	0.0478 (p = 0.664)	No LLP + LLP50 → Transparency → Attitude	0.0587
		No LLP + LLP50 → Fairness → Attitude	-0.0202
		No LLP + LLP50 → Perceived value → Attitude	0.0028

* Significant at the p = .10 level

Lastly, H2b₃, H3b₃, and H4b₃ proposed that the relationship between the groups (“No LLP” and LLP50) and attitude towards the retailer is mediated by transparency, perceived price fairness, and perceived value. The results indicate that the total effect is not significant ($\beta =$

0.0898, $p = 0.499$), meaning that the mediation model is not supported. Direct effects between the groups and attitude ($\beta = 0.0478$, $p = 0.664$) and the respective indirect effects of the mediators are not significant either. Interestingly, the direct effect between transparency and attitude ($\beta = 0.2183$, $p = 0.0077$) and the direct effect between fairness and attitude ($\beta = 0.2911$, $p = 0.0338$) are significant, suggesting a relationship.

4.4 Moderating Role of Price Consciousness

In our study, we proposed that the effect of the LLP disclosure on the dependent variables is moderated by the respondents' price consciousness (H5). In this section, we comment on the results of the moderation analysis.

Table 8: Moderation Analysis Summary

Variable	Interaction effect (No LLP & LLP50 * Price Consciousness)
Purchase Intention	0.0833
Credibility	-0.1913
Attitude	-0.1667

Table 9: Price Consciousness Means

Variable	No LLP		LLP 50	
	Price Consciousness		Price Consciousness	
	Low	High	Low	High
Purchase Intention	5.2500	4.1441	3.7407	3.7957
Credibility	3.6875	4.4730	5.4167	4.5323
Attitude	4.5000	4.4505	5.0741	4.5054

Hypothesis H5 suggests that price consciousness moderates the relationship between the disclosure of LLP and the respective dependent variables (purchase intention, credibility, and attitude). To test this, a moderation analysis was conducted, and the results indicated no significant relationship. This implies that H5 is not supported and that it is inconclusive regarding whether price consciousness moderates the relationship. The observed differences in the mean values are not statistically significant.

4.5 Extra Research

This study included two extra variables (postponement of purchase and shopping orientation) that we were interested in testing but were not considered primary in our model. Thus, we did not receive any hypotheses. These variables are thought to have no relationship with the framework, but rather we were interested in the respondents' views towards them and, as such, took an exploratory approach. This section will comment on those results.

4.5.1 Shopping Orientation

The question concerning participants' shopping orientation showed no significant differences. Here, the three groups scored similar results, around 2.50 on a 7-point Likert scale (sample $M = 2.67$), suggesting that the majority would consider the product utilitarian (1 = utilitarian), not hedonic (7 = hedonic).

4.5.2 Postponement of Purchase

Table 10: *One-Way ANOVA on Postponement*

Variable	Groups	Means	<i>p value</i>
Likelihood of postponing the purchase	No LLP	3.59	0.366
	LLP10	3.66	
	LLP50	4.08	

To understand if there are any differences between the groups and the likelihood of postponing the purchase, a One-Way ANOVA was conducted. The results showed no statistical differences between the means ($p = 0.366$), however, only observing the means shows that those who were exposed to the LLP50 were the most likely to postpone the purchase ($M = 4.08$), compared to the LLP10 group ($M = 3.66$) and no LLP group ($M = 3.59$), suggesting respondents in the LLP50 will wait for the price to go down. Note, the likelihood of purchase postponement was not measured as an index, and, as such, its reliability of results needs to be considered when analyzing.

Table 11: *Independent T-Test on Postponement*

Variable	Groups	Means	<i>one sided p-value</i>
Likelihood of postponing the purchase	No LLP	3.59	0.092*
	LLP50	4.08	
How long would you wait to make this purchase? 1 = 0-30 days 2 = 31-60 days 3 = 61-90 days 4 = more than 90 days	No LLP	1.80	0.472
	LLP50	1.83	

* Significant at the $p = .10$ level

When comparing the “No LLP” group with the LLP50 group with an Independent T-Test, the results statistically support the notion that disclosing the LLP increases the likelihood of purchase postponement ($M = 4.08$), compared to not disclosing the LLP ($M = 3.59$).

However, there are no statistical differences ($p = 0.47$) between the groups when observing how long the respondents would wait to make the purchase, in which “No LLP” has a mean of 1.80 and LLP50 1.83, indicating a probability of postponed purchases between 0-60 days.

4.6 Summary of Hypothesis Testing

The following table summarizes the testing and its subsequent effect on the hypotheses.

Table 12: Summary of Results

Hypothesis	Results
H1a Higher magnitude between the sales price and the last lowest price will have an effect on... H1a ₁ : purchase intention. H1a ₂ : credibility. H1a ₃ : attitude.	H1a ₁ : Not supported ($p > 0.1$) H1a ₂ : Not supported ($p > 0.1$) H1a ₃ : Not supported ($p > 0.1$)
H1b Disclosing the last lowest price will H1b ₁ : decrease purchase intention. H1b ₂ : increase credibility. H1b ₃ : increase attitude.	H1b ₁ : Supported ($p < 0.1$) H1b ₂ : Not supported ($p > 0.1$) H1b ₃ : Not supported ($p > 0.1$)
H2a Disclosing the last lowest price will increase perceived price transparency.	H2a: Supported ($p < 0.1$)
H2b Price transparency is mediating the effect of LLP disclosure on... H2b ₁ : purchase intention. H2b ₂ : credibility. H2b ₃ : attitude.	H2b ₁ : Not supported ($p > 0.1$) H2b ₂ : Not supported ($p > 0.1$) H2b ₃ : Not supported ($p > 0.1$)
H3a Disclosing the last lowest price will decrease perceived price fairness.	H3a: Not supported ($p > 0.1$)
H3b Perceived price fairness is mediating the effect of LLP disclosure on... H3b ₁ : purchase intention. H3b ₂ : credibility. H3b ₃ : attitude.	H3b ₁ : Not supported ($p > 0.1$) H3b ₂ : Not supported ($p > 0.1$) H3b ₃ : Not supported ($p > 0.1$)
H4a Disclosing the last lowest price will decrease value.	H4a: Not supported ($p > 0.1$)
H4b Perceived value is mediating the effect of LLP disclosure on... H4b ₁ : purchase intention. H4b ₂ : credibility. H4b ₃ : attitude.	H4b ₁ : Not supported ($p > 0.1$) H4b ₂ : Not supported ($p > 0.1$) H4b ₃ : Not supported ($p > 0.1$)
H5 Price consciousness is moderated by the effect of LLP disclosure on... H5 ₁ : purchase intention. H5 ₂ : credibility. H5 ₃ : attitude.	H5 ₁ : Not supported ($p > 0.1$) H5 ₂ : Not supported ($p > 0.1$) H5 ₃ : Not supported ($p > 0.1$)

5. Discussion

In this section, we will provide a summary of our main findings. Additionally, we will discuss the theoretical contribution of our research in relation to existing theory and the managerial implications.

5.1 Summary of Main Findings

This thesis sets out to answer the question of whether the disclosure of the LLP affects the shoppers purchasing behavior and feelings towards the retailer. We investigated not only if there is a direct effect of the disclosure of LLP, but also if the relationship is mediated by price transparency, price fairness, and perceived value. The results suggest that disclosing the LLP does in fact increase perceived price transparency, which is the main principle behind the new law. The results show that the government succeeded in increasing transparency for shoppers. Additionally, the results showed that disclosing the LLP decreases purchasing intentions and increases the likelihood of postponing the purchase to a later date. However, we found no support regarding whether disclosing LLP affects the shoppers' feelings toward the retailer (perceived credibility and attitude).

The mediation effects of price transparency, price fairness, and perceived value resulted in insignificant value, such that it is inconclusive if these variables do mediate the relationship. Likewise, we did not find support for the moderation effect of price consciousness, which resulted in insignificant results.

5.1 Theoretical Contributions

Given the novelty of LLP disclosure, and to the best of our knowledge, there are no other models or frameworks that account for the implications and mechanisms behind the LLP. Prior research on reference pricing during price promotions has primarily focused on shoppers being exposed to a higher price than the sales price they must pay. In contrast, our thesis researched whether being exposed to a lower price than what the shopper has to pay affects their purchasing behavior and feelings toward the retailer. Building on the theories of reference pricing, we proposed a model that was to suggest how shoppers are affected by the disclosure of LLP. The model proposes that, in addition to the direct effect of LLP disclosure on purchasing behavior and attitude toward the retailer, the mechanisms underlying the

relationship are price transparency, price fairness, and perceived value, and that the relationship is moderated by price consciousness.

In line with Staelin et al.'s (2023) recently published article on disclosing the TNP, our findings show that disclosing LLP reduces purchase intention. Adding an additional price that is lower than what the shoppers must pay decreases purchasing intention and increases the likelihood of postponement. However, as our results show no statistical difference between the groups and their feelings towards the retailer (perceived credibility and attitude), one cannot state that disclosing the LLP will affect the shoppers perceived feelings towards the retailer.

Furthermore, while it is true that disclosing the LLP will increase price transparency because the shopper is exposed to more pricing information, the question remains whether shoppers will perceive it as more transparent when exposed to the LLP. In line with previous research on price transparency, our results support the statement that disclosing LLP will increase shoppers' perceived price transparency. We confirm that the law has succeeded in its aim of increasing shoppers' sense of price transparency. Additionally, in the mediating analysis, there is a significant indirect effect between transparency and credibility, and a significant direct effect between transparency and attitude. This signifies that not only do those groups who were exposed to the higher transparent stimuli indicate more transparency and thus more credibility, but also that if a shopper indicates that there is more price transparency, they have a better attitude towards the retailer. As such, our results may imply that transparency has positive effects on shoppers feelings towards the retailer.

Moreover, a valuable aspect of our research was that no mediation effect was found to be significant. This research thus contributes to the theory by pointing out that these variables may not be the mechanisms behind the effects of LLP disclosure. While the variables we investigated (price transparency, price fairness, and perceived value) did not show mediating effects, other variables may mediate the relationship, which should be further investigated.

Nonetheless, it is interesting that perceived fairness showed no significance. This finding aligns with previous research on fairness perceptions and reference pricing. For instance, Darke & Dah, as well as Xia, Monroe, & Cox, showed that shoppers are aware of differences between transactions, and, as such, if a shopper believes their current transaction to be

different from another transaction, they are more likely to accept the price difference and not perceive the price difference to be unfair (Darke & Dahl, 2003); (Xia et al., 2004). Our findings may indicate that shoppers are aware that price promotions are limited in time, and, as such, the price differences are not deemed unfair.

5.2 Implications for Practice

The Swedish Price Information Act (PIL) applies to all traders that provide products (goods/services) to shoppers, and thus also the added section of 7a§, whether they like it or not. The effects of disclosing such additional price information is a subject of rising interest, not least seen throughout the conversation with the Swedish Consumer Agency (Appendix D), which informed that the Swedish government has recently tasked the Swedish Consumer Agency with regard to the new regulation of section 7a§. The government has requested a follow-up of information requirements in the event of price reductions, which must be reported to the Government Office (Ministry of Finance) by September 1, 2024. The conservation also displays that there currently exists minimal knowledge about how many traders that are affected by the law and how many that may be in breach of the regulations, but also the limited perception of traders' compliance with the new regulations. Hence, our study may point in the direction of what results the Swedish Consumer Agency will discover when conducting the report requested by the Swedish government.

Although our study did not receive significant levels on the majority of the tested variables, it did find significance in the hypotheses suggesting that the disclosure of the LLP would increase the level of perceived price transparency and that the disclosure of the LLP would have a direct negative effect on shoppers' purchase intentions. As such, we suggest that retailers must be mindful of not setting promotions too often concerning the price timeframe during the past 30 days, as this will imply that the disclosure of the LLP must be presented. Since our data did not receive significance, which would have allowed us to compare the treatment groups (LLP10 and LLP50), it will not be possible to comment on whether the magnitude of the price differences influences the intention to purchase or postpone the purchase. Although exposing shoppers to the LLP decreases purchase intention, it does in fact increase perceived price transparency. It has previously been shown that low variability (i.e., not changing the price often) and high transparency will have positive effects on cash flow (Hanna et al., 2018). As such, although it is required to add the LLP, we still recommend

retailers to be transparent with their prices in other ways as well, such as with Lyko, which gives the 12-month price history. This will make shoppers feel more secure about the price they are getting and reduce the risk of postponing purchases. Additionally, our mediation analysis showed some evidence increased transparency creates better feelings towards the retailer, further indicating that having transparency is important.

Out of curiosity, we asked participants why they would postpone the purchase. Most of the answers related to participants reflecting on the need to purchase the shoe or their preferences in shoes, but one respondent stood out. The participant was exposed to the LLP50 manipulation and said, “I would rather prefer not to be aware of the lower price in recent periods, as it makes my purchase seem like less of a good deal.” While this was only one respondent, it could indicate that when shoppers become aware of the product’s LLP, the current sales price becomes less appealing: a knowledge that could potentially impact participants' purchase behavior.

In answer to the question of whether the LLP disclosure impacts shopper purchasing behavior and their feelings towards the retailer, we state that it may harm shoppers’ purchase intentions. As a result, it is reasonable to expect an increase in the risk of postponed purchases. While purchasing intentions may decrease due to PIL 7a§, we found some evidence that retailers may benefit from increased levels of credibility and attitude as a result of increased price transparency. Although we cannot offer much advice, retailers should be aware of the potential consequences of LLP when offering discounts and adapt their pricing strategy accordingly. So, the disclosure may affect shopper purchase behavior and, ultimately, the retailer’s profitability in the future.

5.3 Limitations and Directions for Future Research

This section highlights the limitations of our study and research, as well as suggestions for further research. While we tried our best to avoid as many limitations as possible, our study was subject to some. Additionally, this research is one of the first of its kind, so there are many opportunities for further research.

One limitation of our study was that the picture of the stimulus of the main study was presented in Swedish, such that if a person did not understand Swedish, they might have

ignored the LLP reference point. This decision was made since the study was conducted in Sweden and we were only interested in investigating the Swedish online market with regards to the Swedish PIL. However, 26.2% of respondents completed the survey in English, indicating a potential issue. In retrospect, we have no way to ensure that these respondents may have understood Swedish but still answered in English. Thus, if the English respondents did not understand the stimulus, it could have resulted in an inaccurate response. Including a question about the participants' comprehension of Swedish could have helped to control this situation.

Given the time constraints, the sample size was relatively small ($N = 122$). This leads to concerns regarding the power of the study. The small sample size may have led to insignificant results, whereas a larger sample size could have produced more significant results (Sullivan & Feinn, 2012).

Additionally, as mentioned earlier in this thesis, the LLP law is relatively new; therefore, one can assume that shoppers are not as aware of its presence (Appendix C). Because the study was to be an accurate representation of how the LLP will be presented in reality, the last lowest price was kept the same size as it was found on a retailer's webpage, which is relatively small and could be unnoticeable for those who are not aware of its presence. As such, one limitation of our study was that the manipulation may have been so subtle that the respondents may not have noticed it, causing insignificant results.

Lastly, our study was only conducted with one product type and channel. The results may differ in a physical setting or with different product types. This means that the results are not generalizable to all retailers, and further research should be done to make the results applicable to other categories.

5.3.1 Further Research

There are many interesting aspects of the disclosure of the LLP that were not investigated in this study. Firstly, it would be valuable to understand if there is a difference between the type of product that gets put on price promotion and its effect. While we used an athletic shoe in the belief that it was as neutral as possible in terms of gender and shopping orientation, our result shows that the majority of the participants consider athletic shoes utilitarian. It would

therefore be interesting to investigate if shoppers react differently to a highly hedonic product versus a highly utilitarian product or when shopping in different contexts, such as shopping for fashion or furniture. Similarly, how shoppers react to the LLP on different price classes of products or shopper segments (for example, quality versus price-sensitive) could be of interest to both research, as well as managerial implications.

Secondly, given that one of the main objectives of PIL 7a§ was to increase transparency for the shopper, it could be worth investigating if the amount of information given about the price increase from the last lowest price has an effect on the shopper. It was shown in previous literature that shoppers appreciate and understand a price increase more if there is a reason to motivate it, so to speak, if there is more transparency, compared to if they only saw a price increase (Hanna et al., 2018). As such, it would be interesting to observe any potential differences between giving the shopper more information compared to not.

Thirdly, given that all retailers are obliged to present the last lowest price during price promotions, it would be worth investigating which way of presenting the LLP is most beneficial and which ones shoppers prefer. There are many different ways of presenting the LLP (as seen in Appendix A), and some might be better than others. For instance, Lyko exceeds the required transparency voluntarily, but it is not known if this will benefit them or hurt them. Therefore, it would have been interesting to investigate which way of implementation, for example, Lyko's, Mio's, or Lindex's way, customers preferred the most, measured through the variable intention to purchase. Thus, this could be a topic for future research.

[formatting...]

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Appendices

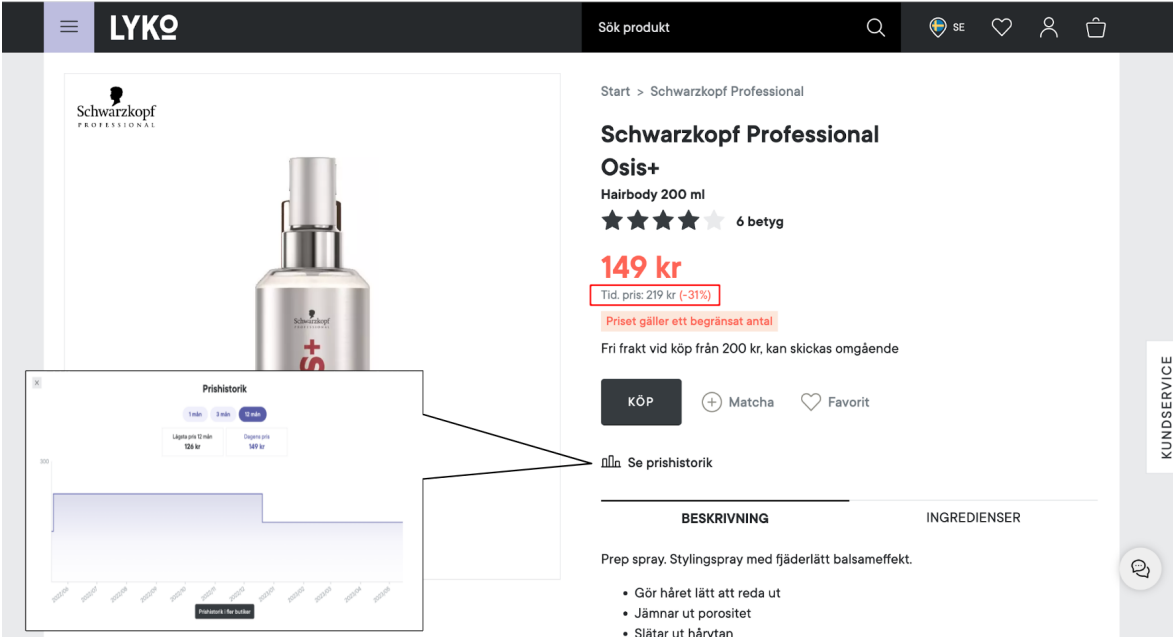
Appendix A: Retailers Implementation of the “Last Lowest Price”

Examples of three Swedish retailers' implementation of the “last lowest price” online.

Lindex.se (January, 2023)

 Quiltad vattenavvisande kappa 719:50 1199:- Senast lägsta pris: 359:75 Återvunnet material	 TOVA Slim fit byxa i manchester 249:50 499:- Senast lägsta pris: 199:60	 Rutig kappa 599:50 1199:- Senast lägsta pris: 299:75 Återvunnet material	 Stickad cardigan i merinoullblandning 179:50 599:- Senast lägsta pris: 143:60
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Lyko.com (May, 2023)



The screenshot shows the product page for Schwarzkopf Professional Osis+ Hairbody 200 ml on the Lyko.com website. The page features a large product image, a price tag of 149 kr, and a price history graph. A callout box highlights the price history graph, showing the current price (149 kr) and the previous lowest price (128 kr). The graph shows a price history over time, with the current price being the lowest. The page also includes a 'KÖP' button, a 'Matcha' button, and a 'Favorit' button. The product description and ingredients are also visible.

Start > Schwarzkopf Professional

Schwarzkopf Professional Osis+

Hairbody 200 ml

★★★★★ 6 betyg

149 kr

Tid. pris: 219 kr (-31%)

Priset gäller ett begränsat antal

Fri frakt vid köp från 200 kr

KÖP + Mat

Se prishistorik

BESKRIVNING

Prep spray. Stylingspray n

- Gör håret lätt att re
- Jämnar ut porositet
- Slätar ut hårytan

Prishistorik

1 mån 3 mån 12 mån

Lägstapris 12 mån

Notino.se	70 kr
Vardagen.se	76 kr
Buyersclub	79 kr
Supershop.se	79 kr
Luaplus	80 kr
Barenesshop	83 kr
ComputerSalg SE	87 kr
StylingAgenten	99 kr
EOGiganten	99 kr
Parfym	101 kr
Ginos	107 kr
Parfymonline	109 kr

Mio.se (April, 2023)

Vad letar du efter?

Produkter > Sängar & madrasser > Sängar > Ramsängar

Tempur Promise Ramsäng, enkelsäng med bäddmadrass Original, B 80-120 cm

13.297,-

(18.995,-)

(13.297,-) ⓘ

Season sale -30%

Variant

Tyg Suit havsblå, B 90 x L 200 x H 49 cm [Ändra](#)

Köp

Delbetala förmånligt

[Läs mer](#) | [Se ditt köputrymme](#)

Information om tidigare försäljningspris

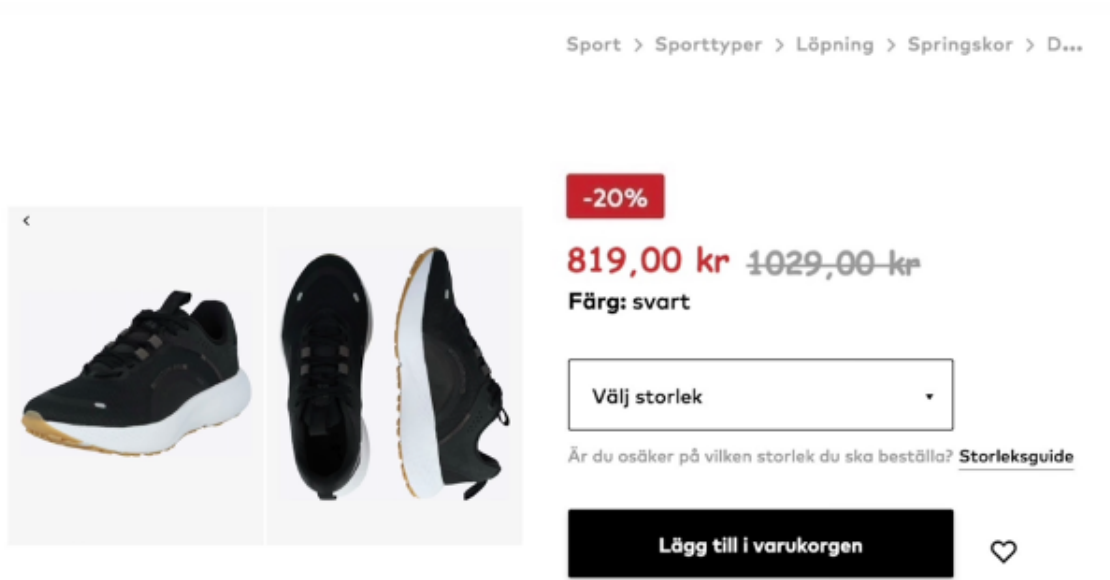
Den 1 september 2022 gjordes tillägg i Prisinformationslagen (2004:347). Till följd av detta förekommer det att vi på vissa produkter visar ett tredje pris (i grått), för att informera kunder om det försäljningspris vi har erbjudit artikeln för vid ett tidigare tillfälle.

[Läs mer om de nya tilläggen i Prisinformationslagen](#)

Appendix B: Manipulation Levels

The three possible variations of disclosing the “last lowest price”.

Control group (No LLP): No disclosure of the “last lowest price”



Treatment group 1 (LLP10): Disclosure of the “last lowest price” (+11%)



Treatment group 2 (LLP50): Disclosure of the “last lowest price” (+59%)

Sport > Sporttyper > Löpning > Springskor > D...

-20%

819,00 kr ~~1029,00 kr~~

inkl. moms

Lägsta pris de senaste 30 dagarna: 514,50 kr (+59%)

Färg: svart

Välj storlek ▾

Är du osäker på vilken storlek du ska beställa? [Storleksguide](#)

Lägg till i varukorgen 



Appendix C: Survey

The survey, including an example of one treatment group (LLP50).

Hi and welcome!

This survey is conducted by two Bachelor students in the Retail Management Program at the Stockholm School of Economics. We are conducting this survey as part of our bachelor's thesis and are thankful for everyone in support of our data collection. The aim of this study is to gather insights on consumer perceptions of an online store, a topic that does not require any prior expertise or knowledge. Please note that there are no “right” or “wrong” answers. Provide your answers as truthfully as possible.

By proceeding to the following pages, you give us permission to use your responses in our research. Following the General Data Protection Regulation (GDPR), your personal data will be handled confidentially.

This survey takes about 5 minutes to complete, and you can choose to end your participation at any time by closing the browser window. If you have any questions, please feel free to contact us at 50692@student.hhs.se.

Thank you very much for your participation!

Ebba Cedergren & Hannah Linton

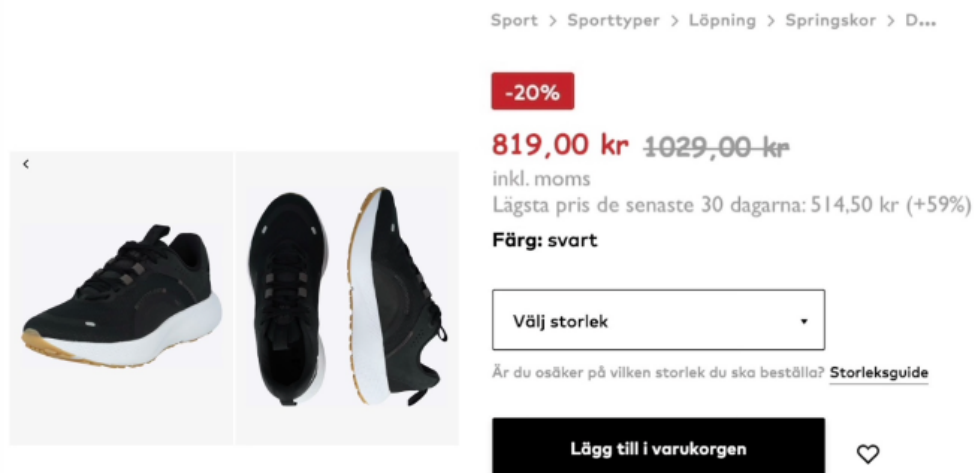
Consider your typical shopping habits. Think of any shopping scenario aside from grocery shopping.

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I am willing to spend extra time on finding lower prices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will shop at more than one store to take advantage of low prices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The money saved by finding lower prices is usually worth the time and effort.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the following step, you will be presented with a short scenario and a picture of an online shop website. We ask that you **read the text carefully and examine the image in detail**. After that, we will ask a number of short questions. Note that the same picture will be visible when answering the questions, so feel free to revisit.

Before we present you with the online shop website, please imagine that you are shopping for athletic shoes at an established online retailer. You are scrolling through the selected category and find a pair in your preferred size and style. You click on the product and notice that this athletic shoe is actually on sale.

Imagine that you are shopping for athletic shoes at an established online retailer. You are scrolling through the selected category and find a pair in your preferred size and style. You click on the product and notice that this athletic shoe is actually on sale.



With the picture in mind, please rate the following statements.

	Extremely low	Very low	Slightly low	Neither high nor low	Slightly high	Very high	Extremely high
If I were to buy athletic shoes, the probability of buying this shoe is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The likelihood that I would consider buying this athletic shoe is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My willingness to purchase this athletic shoe for this price is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Given the information about the price, how likely are you to wait to purchase these shoes?

Extremely unlikely	Very unlikely	Slightly unlikely	Neither likely nor unlikely	Slightly likely	Very likely	Extremely likely
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Approximately, how long would you wait to make this purchase?

☐ 0-30 days

☐ 31-60 days

☐ 61-90 days

☐ More than 90 days

What could be a reason why you would postpone this purchase? Here, it is possible to mark more than one answer.

☐ I would wait until the price goes down.

☐ I am not happy with the retailer and the price information provided.

☐ Other

Based on the picture, I am confident that this retailer is...

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
...is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...is ethical.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...is honest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...delivers what it promises.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

My attitude towards the retailer is...

Very negative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very positive
Very bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very good
I do not appreciate it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	I appreciate it

With the picture in mind...

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
...I have all the price information needed to make a purchase.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...the retailer is transparent with their pricing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...I am properly informed about the prices of athletic shoes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

With the picture in mind, please rate the following statements.

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The current price corresponds to the expected quality of the athletic shoes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
These athletic shoes are a good value for money.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
These athletic shoes are sold at a bargain.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How do you perceive the current price? This price is...

Very unreasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very reasonable
Very unacceptable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very acceptable
Very unfair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very fair

We purchase products for different reasons, sometimes to simply fill an existing need, and sometimes we buy things for pleasure. When you think about purchasing athletic shoes, to what extent would you consider this a purchase driven by filling a need versus buying for pleasure?

0 = Would only purchase to fill a need 7 = Would only purchase for pleasure

0 1 2 3 4 5 6 7

What was this survey about?

☐ Customer review for hotel booking

☐ Price discounts on athletic shoe

☐ Taste preferences for ice cream

What was the current sales price?

☐ 445,00 kr

☐ 1300,00 kr

☐ 819,00 kr

What is your age (in numbers)?

What is your gender?

☐ Female

☐ Male

☐ Non-binary

☐ Prefer not to say

Appendix D: Email Response from the Swedish Consumer Agency

Written conversation with one executive at the Swedish Consumer Agency (May 3, 2023).

The email answered the following questions:

1. *Om ni fick uppskatta hur stor andel av företagen, som lagen berör, är det som följer/tillämpar lagen på sina reavaror? Eller, om formulerad annorlunda, hur stor andel av företagen är det som bryter mot lagen?*
2. *Hur kommer det sig att många företag inte följer dessa regler? Eller om de gör det, varför har det dröjt så lång tid att implementera lagen, när lagen faktiskt trädde i kraft förra året?*
3. *Vi har observerat att inte så många konsumenter verkar känna till den här lagen, stämmer det? Vet ni om lagen är uppskattad av konsumenter, eller är det bara extra jobb för återförsäljaren?*
4. *Finns det regler kring hur senaste lägsta pris ska presenteras eller får återförsäljaren själv välja hur det ska stå (online och i butikerna)?*
5. *Ur företagets perspektiv, har ni sett / hört om lagen har haft stor påverkan på deras verksamhet? Till exempel, att företag försöker minska hur ofta de gör prissänkningar?*
6. *Finns det en utsatt deadline för när företag senast måste ha infört information om 'det senaste lägsta priset' på sina reavaror? I sådana fall, vad blir konsekvenserna om företag inte gjort förändringen till det datumet?*

The email response:

Hej,

Konsumentverket har nyligen fått ett uppdrag från regeringen som avser den nya regleringen i 7 a § prisinformationslagen:

Uppföljning av informationskrav vid prissänkningar

Myndigheten ska redovisa vilka konsekvenser införandet av bestämmelser om information vid prissänkningar i 7 a § prisinformationslagen (2004:347, PIL) har fått för konsumentmarknaderna. Myndigheten ska särskilt redovisa hur den utövat tillsyn över att bestämmelserna följs, de effekter bestämmelserna har fått på marknadsföring med angivande av att priset har sänkts och i vilken utsträckning marknadsföringen har anpassats till bestämmelserna. Myndigheten ska även redovisa hur myndigheten väglett näringsidkare om de nya bestämmelserna, inklusive om vilka produkter som är undantagna från bestämmelserna, samt hur myndigheten samarbetat och fört dialog med näringsidkare. Uppdraget ska senast den 1 september 2024 redovisas i en rapport till Regeringskansliet (Finansdepartementet).

Prisinformationslagen gäller alla näringsidkare som tillhandahåller produkter (varor/tjänster) till konsumenter. Lagen är generell så finns det bestämmelser i en

speciallag avseende viss typ av produkt (se 5 § PIL) går gäller den senare. Vad gäller rea-begreppet regleras det särskilt i 17 § marknadsföringslagen (2008:486, MFL).

1. Vi har inte någon uppfattning om hur många näringsidkare som berörs av lagen eller hur många som bryter mot bestämmelserna. Vi agerar om vi får in många anmälningar mot en näringsidkare eller om vi i den egna omvärldsbevakningen hittar brister vad gäller otillbörlig prismarknadsföring. I normalfallet rättar sig bolagen när vi inleder tillsyn.
2. Regeringsuppdraget som vi ska redovisa i september nästa år medför att vi ska få en uppfattning om näringsidkarnas följsamhet till de nya bestämmelserna. Företag ska självklart följa gällande rätt oavsett om tillsyn bedrivs eller ej.
3. Det är nog ett generellt problem att konsumenter inte känner till konsumentskyddande- eller konsumenträttslig lagstiftning. Den aktuella regleringen kom till för att stävja den otillbörliga prismarknadsföringen i samband med Black Friday/week så den borde vara uppskattad av konsumenter.
4. Av 10 § PIL framgår att prisinformation ska vara korrekt och tydlig. Den ska också lämnas så att konsumenten förstår vilken produkt som priset avser. Prisinformation är s.k. väsentlig information enligt 10 § 3 st MFL och utebliven eller oklar prisinformationen kan medföra att den bedöms som vilseledande och otillbörlig enligt 8 § MFL.
5. I dagsläget har vi ingen uppfattning om detta men dialogen med näringslivet/branschorganisationerna inom ramen för regeringsuppdraget kan förhoppningsvis belysa frågan.
6. Lagen trädde ikraft den 1 september 2022 och gäller all prisinformation som lämnas efter det datumet.

Här finns länken till vår prisvägledning som reviderades med anledning av den nya regleringen: [Vägledning prisinformation - Publikationer - Konsumentverket](#)

Vänliga hälsningar! /

XXXXXXXXXXXXX
Konsumentverket