

Scalping or Market Clearing?

Consumers' Willingness to Pay towards Reseller versus Retailer

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ABSTRACT

The rise of resale markets across product categories has altered how consumers access and value goods. While resellers of new, unopened products have become increasingly prevalent in markets ranging from concert tickets to limited-edition sneakers, the causal relationship between seller type and consumer willingness to pay (WTP) remains unclear. Existing research has extensively examined economic outcomes and pricing strategies in resale markets, but less attention has been paid to understanding the psychological mechanisms through which distribution channels influence consumer WTP. This thesis investigates whether seller type (retailer versus reseller) directly affects consumer WTP and examines key moderating factors in this relationship. Through a controlled experiment using footwear as the context, we test how product scarcity and brand characteristics moderate the relationship between seller type and WTP. Results will provide insights into whether resellers command different valuations compared to retailers and under what conditions these differences are most pronounced. Understanding these relationships has important implications for brands making distribution decisions and policymakers considering market structure regulations.

KEY WORDS: *resale markets, consumer behavior, willingness to pay, scarcity effects, brand equity*

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INTRODUCTION

In today's marketplace, the relationship between consumer willingness to pay (WTP) and distribution channels presents a complex economic phenomenon. While resellers of new, unopened products have become increasingly prevalent across various categories, from concert tickets to limited-edition sneakers (Cui et al., 2014; Kuksov & Liao, 2023), the causal relationship between seller type and consumer WTP remains unclear.

This relationship presents a fundamental causality challenge that has been difficult to address with existing market data: Do resellers strategically target product categories where consumers already exhibit high WTP, suggesting they are merely responding to existing market conditions? Or do reseller channels create psychological and economic conditions that actively influence consumers' willingness to pay premium prices? While archival data analyses have provided valuable insights into resale market dynamics, the inherent endogeneity in reseller market entry decisions – meaning resellers choose which markets to enter based on existing conditions, creating a circular relationship between cause and effect – makes it extremely challenging to identify causal effects. Our experimental approach, which randomly assigns participants to either retailer or reseller conditions while controlling for other market factors, allows us to directly address this causality question and isolate the effect of seller type on consumer WTP.

Different distribution channels may create complex effects on consumer behavior through multiple mechanisms. While commodity theory suggests that scarcity enhances the perceived value of products (Brock, 1968), the interplay between product exclusivity and seller type requires careful examination. The type of seller can affect brand perceptions and trust (Pavlou & Gefen, 2004), particularly when considering varying levels of brand equity. Additionally, individual differences in risk tolerance may significantly influence how consumers respond to reseller offerings, as these transactions often involve different levels of perceived risk compared to purchasing from retailers (Kahneman & Tversky, 1979). These risks include concerns about product authenticity (receiving counterfeit goods), transaction security

(potential non-delivery or payment issues), product condition (receiving items different from what was advertised), and the availability/quality of customer service in the event of product issues.

This research investigates how seller type influences consumer WTP, with particular attention to product scarcity as a key moderating factor. Drawing on commodity theory (Brock, 1968), which suggests that different distribution channels can create varying perceptions of exclusivity and value, we examine whether consumers value products differently when purchasing through resellers versus retailers. This theoretical prediction is further supported by prospect theory (Kahneman & Tversky, 1979), which suggests that consumers may view different seller channels as entailing distinct risk-reward profiles, leading them to assign different subjective values to these opportunities. Building on these theoretical foundations, we hypothesize that seller type affects consumer WTP, with this effect being moderated by the perceived scarcity of the product (Lynn, 1991).

To address these relationships, we employ an experimental design using the footwear market as our context. We chose this market because it features both retailer and reseller participation, varying levels of product scarcity through limited editions, and a wide range of brand equity levels, making it ideal for testing our hypotheses about seller type effects. Our experimental approach builds on previous studies of consumer behavior in resale markets (Geng et al., 2007; Jiang & Tian, 2018), which established methodological frameworks for analyzing consumer responses to different seller types, while extending their work by specifically examining the causal relationship between seller type and WTP. Through our controlled experiment, we examine (1) the direct effect of seller type on WTP, (2) how product scarcity moderates this relationship, and (3) how different product categories evoke different consumer responses across seller types.

This research makes several important contributions to the existing literature on resale markets and consumer behavior. First, while previous research primarily focuses on economic outcomes and optimal pricing strategies (Zou & Jiang, 2020), we provide a direct examination of how seller type affects

consumer WTP across varying levels of product scarcity and different product categories. Second, we extend commodity theory (Brock, 1968) by examining how the effect of scarcity on perceived value is moderated by seller type. Finally, our findings have practical implications for brands, retailers, and policymakers by illuminating how different market conditions affect the relationship between seller type and consumer WTP.

Through this investigation, we aim to provide insights that benefit both academic understanding of resale markets and practical applications for market participants. Our findings will help explain the complex dynamics of how distribution channels influence consumer willingness to pay, offering valuable insights for pricing strategies and market structure decisions (Su, 2010).

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The relationship between reseller presence and consumer willingness to pay (WTP) intersects three key streams of research. The first examines how resellers affect market dynamics and pricing strategies, focusing on economic outcomes and platform integration. The second explores psychological mechanisms through which resellers influence consumer behavior, particularly regarding scarcity perceptions and value attribution. The third investigates how institutional factors – specifically brand equity and risk perceptions – shape consumer responses to resellers. By examining these three streams, we identify critical gaps in understanding the causal mechanisms through which reseller presence influences consumer WTP and what factors moderate this relationship.

2.1. Impact of Resellers on Market Dynamics and Pricing

Research has shown that resellers significantly influence market dynamics through their effects on product availability and pricing structures. Studies examining ticket resale markets demonstrate that allowing partial resale can increase overall demand and willingness to pay (Geng et al., 2007). Using game-theoretic modeling and empirical validation with concert ticket data, Geng et al. (2007) showed that partial resale allowance can create a win-win situation for both sellers and consumers. The presence of

resellers can benefit original sellers by enabling price discrimination and risk sharing between different consumer segments (Cui et al., 2014).

Recent research has expanded these findings by examining the integration between primary and resale platforms. Zou and Jiang (2020) developed an analytical model of platform competition and conducted empirical analysis using data from multiple ticket marketplaces to show how integration affects market outcomes and pricing strategies. Their results suggest that platform integration can lead to more efficient market outcomes, though the benefits depend heavily on market characteristics and consumer segments. However, while these studies effectively model economic outcomes, they primarily focus on optimal pricing strategies rather than examining the psychological mechanisms through which resellers influence consumer willingness to pay.

2.2. Psychological Factors in Resale Markets

The psychological aspects of how resellers influence consumer behavior have been explored through several theoretical lenses. Commodity theory (Brock, 1968) and meta-analyses have confirmed that scarcity reliably enhances the desirability of commodities (Lynn, 1991).

In resale markets, the relationship between scarcity and reseller presence requires careful examination. While resellers often operate in markets for limited-edition or hard-to-find items, it's crucial to distinguish between the effect of the scarcity itself and any additional impact of reseller presence on WTP. A product's inherent scarcity may drive higher WTP regardless of seller type, and reseller presence could either amplify or diminish this scarcity effect. Our experimental design allows us to disentangle these effects by independently manipulating both product scarcity and reseller presence, enabling us to identify whether resellers create additional value beyond the basic scarcity effect.

Further experimental research has examined how different types of scarcity affect consumer behavior. Su (2010) used analytical modeling and controlled experiments to study how artificial scarcity affects consumer behavior, finding that strategic consumers respond differently to naturally occurring versus

deliberately created scarcity. However, these experiments focused primarily on manufacturer-induced scarcity rather than reseller behavior. The specific role of resellers in manufacturing and capitalizing on scarcity perceptions remains understudied.

2.3. Brand Equity and Risk in Resale Transactions

The interaction between brand equity and resale markets presents another important dimension of consumer behavior. Brand equity, defined as the added value endowed to products and services through brand strength (Keller, 1993), encompasses consumer awareness, perceived quality, brand loyalty, and brand associations. High-equity brands like Nike command premium prices and enjoy strong consumer trust, while low-equity brands may lack these advantages. This established commercial value that brands possess through their reputation and consumer relationships can significantly influence how consumers respond to different distribution channels.

Research on luxury brands suggests that strong brand equity can affect how secondary markets influence pricing strategies (Jiang & Tian, 2018). Through analysis of luxury goods market data and the development of analytical models, Jiang and Tian (2018) demonstrated that high-equity brands respond differently to secondary market competition compared to lower-equity brands. It is important to note that the dynamics with luxury brands (involving factors such as scarcity, price points, and exclusive consumer bases) may differ substantially from those of more mainstream brands (e.g., Nike) and products (e.g., event tickets) that are the focus of this study.

Studies have shown that trust in resellers' authenticity and reliability, as well as perceptions of transaction-related risks, significantly impact consumer behavior in online marketplaces (Pavlou & Gefen, 2004). Trust encompasses consumers' confidence in the reseller's legitimacy as a business entity, their adherence to promised transaction terms, and their ability to deliver authentic products. Risk perceptions include concerns about payment security, the possibility of receiving counterfeit products, uncertainty

about product condition, and potential issues with returns or customer service when dealing with non-authorized retailers.

Using survey data from over 1,000 online marketplace participants, Pavlou and Gefen identified key mechanisms through which trust and risk perceptions influence transaction intentions. These mechanisms include institutional safeguards (such as payment protection and authentication services), seller reputation systems, past transaction history, and peer feedback. Trust is built through positive verification of seller legitimacy and consistent delivery of authentic products, which reduces perceived transaction risks. Conversely, higher perceived risks lead consumers to demand larger price discounts to compensate for uncertainty or may discourage transactions entirely. The strength of these mechanisms varies based on the presence of trust-building features and the consumer's individual risk tolerance.

These findings are complemented by research on decision-making under uncertainty. Kahneman and Tversky's (1979) prospect theory provides a framework for understanding how consumers evaluate risky decisions in uncertain market environments. However, while these various research streams provide valuable insights individually, existing research has not fully explored how varying levels of brand equity and risk tolerance moderate consumer responses to reseller offerings.

2.4. Research Gaps and Hypotheses Development

While existing literature provides valuable insights into the economic and psychological aspects of resale markets, several important gaps remain. First, while research has demonstrated that resellers can affect market outcomes and pricing strategies, the causal mechanisms through which seller type influences consumer willingness to pay remain unclear. These potential mechanisms could include: (1) signaling effects, where distribution channel indicates product desirability or future value appreciation; (2) scarcity perceptions, where seller type influences impressions of availability; (3) social proof effects, where the distribution channel validates product worth; and (4) risk assessment effects, where consumers weigh potential benefits against transaction uncertainties associated with different seller types.

Second, although commodity theory suggests that scarcity enhances perceived value, the distinction between natural and reseller-induced scarcity has not been fully explored. Natural scarcity occurs when a product's limited availability is inherent to its production or distribution strategy – for example, when manufacturers deliberately produce limited editions or when supply chain constraints genuinely restrict product availability. Reseller-induced scarcity, in contrast, occurs when resellers' purchasing and inventory management practices create artificial constraints on product accessibility, even when the total product supply remains unchanged. For instance, resellers might concentrate available inventory among fewer sellers or create perceived scarcity through their pricing and marketing strategies. Understanding how consumers respond differently to these two types of scarcity is crucial for understanding the true impact of reseller presence on WTP.

Finally, while studies have examined brand equity and risk separately, their interactive effects with reseller presence on consumer willingness to pay remain understudied.

2.4.1. Reseller Presence and Willingness to Pay

Lynn's (1991) meta-analysis of scarcity effects on value provides strong empirical support for this relationship, showing that scarcity reliably enhances the desirability of commodities. In the context of different market channels, resellers and retailers may elicit different value perceptions from consumers.

When purchasing from resellers versus retailers, consumers may evaluate products differently based on several factors. Resellers might be associated with product scarcity or exclusivity, potentially commanding premium prices for highly sought-after items. Conversely, retailers may leverage brand authority and trust to justify premium pricing. Geng et al. (2007) demonstrated that different distribution channels can influence overall demand and willingness to pay in the context of ticket markets.

However, these effects likely depend on product characteristics and consumer perceptions. For standard products, consumers might expect discounts when purchasing through resellers due to perceived transaction risks or uncertainty about product provenance. For limited-edition or high-demand products,

the value of access through resellers might outweigh these concerns, potentially leading to higher WTP.

This reasoning leads to our first hypothesis:

H₁: Consumers' willingness to pay for products varies between reseller and retailer channels.

2.4.2. Product Scarcity as a Moderator

Building on commodity theory, the effect of seller type likely varies based on the inherent scarcity of the product. When products are already perceived as scarce or exclusive, the distribution channel may have different implications for perceived value and authenticity. For limited-edition products, resellers might be viewed as valuable access points to otherwise unobtainable items, potentially commanding higher WTP compared to standard products. Su (2010) found that strategic consumers respond differently to naturally occurring versus deliberately created scarcity, suggesting that these different types of scarcity may interact with distribution channels. This reasoning leads to our second hypothesis:

H₂: The relationship between seller type and willingness to pay is moderated by product scarcity, with differences in WTP between reseller and retailer channels being more pronounced for limited-edition products compared to standard products.

2.4.3. Brand Equity's Moderating Role

When shopping for high-equity brands (such as Nike, Adidas, or Apple), consumers might be more concerned with authenticity and authorized endorsement, potentially leading to higher WTP for retailer channels. Conversely, for low-equity brands (such as lesser-known or emerging footwear brands), the additional market validation provided by reseller interest might enhance perceived value.

Research by Jiang and Tian (2018) demonstrates that high-equity brands respond differently to secondary market competition compared to lower-equity brands. High-equity brands already command a price premium and have strong, favorable associations in consumers' minds. For these brands, the distribution channel may have different implications for perceived value compared to low-equity brands. Therefore:

H₃: Brand equity moderates the relationship between seller type and willingness to pay, such that the difference in WTP between reseller and retailer channels will vary based on brand equity levels.

2.4.4. Risk Tolerance as a Moderator

Kahneman and Tversky's (1979) prospect theory and research by Pavlou and Gefen (2004) suggest that purchasing from resellers involves different risk assessments compared to buying from retailers, due to potential issues with product authenticity, condition, or seller reliability. Individuals with higher risk tolerance are more likely to accept these uncertainties in exchange for the potential benefits of obtaining a desired product.

This aligns with findings that risk-taking propensity positively influences transaction intentions in less certain environments. However, if consumers primarily focus on product availability rather than transaction risk, risk tolerance may not affect the impact of seller type. These considerations lead to our final hypothesis:

H₄: Risk tolerance moderates the relationship between seller type and willingness to pay, such that consumers with higher risk tolerance will show smaller differences in WTP between reseller and retailer channels compared to consumers with lower risk tolerance.

Through testing these hypotheses, we aim to fill critical gaps in understanding how seller type causally affects consumer WTP, while examining how this relationship changes under different market conditions. Each of our moderating variables could alter the strength or nature of the difference between reseller and retailer channels in specific ways. For example, high scarcity might amplify differences between channels by making resellers' role as product access points more valuable, while high brand equity might weaken differences since consumers already have strong value associations with the product. Similarly, higher risk tolerance could reduce differences between channels by lowering the psychological barriers to purchasing from non-authorized sellers. By testing these interaction effects experimentally, we can provide more nuanced insights into not just whether seller type affects WTP, but under what conditions

this effect is strongest or weakest. While our current study focuses primarily on the first two hypotheses due to time and resource constraints, the complete framework provides valuable insights for both theoretical understanding of resale markets and practical applications in pricing strategy.

EMPIRICAL PLAN

To test our hypotheses about the relationship between seller type and consumer willingness to pay, we designed a controlled experiment that systematically manipulates seller type while measuring consumer responses across multiple product categories. This approach allowed us to isolate the causal effect of seller type on willingness to pay and examine how this relationship is moderated by product scarcity and other factors. Our empirical plan addressed the causality challenge identified in the literature by randomly assigning participants to either retailer or reseller conditions while controlling for other market factors. The following sections detail our research design, experimental procedures, and analytical approach.

3.1. Research Design and Data Collection

Primary data collection through a controlled experiment was administered to undergraduate students at the Carlson School of Management. Participants were recruited through the Research Using Students (RUS) program, where they received extra course credit as compensation for their participation. The experiment was facilitated by Qualtrics, an online survey platform that allows for randomization and systematic data collection.

A total of 84 students completed the survey. After excluding participants who failed the attention check, our final sample consisted of 59 valid responses, with 33 participants randomly assigned to the retailer condition and 26 to the reseller condition.

3.2. Experimental Design

This study employed a between-subjects experimental design to examine how seller type (retailer versus reseller) affects consumer willingness to pay (WTP) across different product categories.¹ Participants were randomly assigned to either a retailer or reseller condition. A fictitious retailer and reseller were used, both presented under the same name to control for brand effects. In both conditions, participants viewed five different footwear products: Nike Air Force 1 (AF1), Birkenstock, Hoka, Nike Dunk, and Converse. These products were selected to represent varying levels of popularity, brand equity, and market positioning within the footwear category.

To manipulate perceived scarcity, two of the products (Nike Air Force 1 and Birkenstock) were presented as "Limited Edition" items with only 100 units manufactured worldwide. This manipulation allowed us to test how product scarcity might interact with seller type to influence WTP.

3.3. Measures

For each product, participants responded to two primary price perception measures: (1) Willingness to Pay (WTP), the maximum dollar amount they would pay for the product, and (2) Maximum Acceptable Price, the price at which they would consider the product too expensive to purchase. Participants also rated their (3) Purchase Likelihood on a 7-point scale from "Very unlikely" to "Very likely" and (4) Product Liking on a 7-point scale from "Not at all" to "Very much."

To provide comprehensive price perception data, participants also responded to three additional price measures: Price Floor (the price below which they would question the product's quality), Price Ceiling (the price at which they would consider the product expensive but still worthy of consideration), and Bargain Price (the price at which they would consider the product a bargain). While our primary analyses focus on WTP and Maximum Acceptable Price, these supplementary measures enabled us to conduct parallel analyses to verify the robustness of our findings.

¹ Survey details are provided in Appendix A.

These measures allowed us to comprehensively assess how seller type affects various dimensions of price perception and product evaluation. Additionally, we collected demographic information including gender, age, year in school, past athletic sneaker purchasing behavior (within the last 12 months), and online shopping frequency. These variables were analyzed as potential confounding factors that might influence consumer valuations independent of our experimental manipulations. We paid particular attention to online shopping frequency and prior sneaker purchasing behavior as these factors might indicate varying levels of category knowledge and purchasing experience that could affect price perceptions across seller types.

3.4. Analysis

Data analysis was conducted using two-sample t-tests that compare means between the retailer and reseller conditions. Based on our hypotheses that predicted directional differences in how consumers would respond to different seller types, we employed one-tailed tests to examine the differences in all seven measures across the five product types. This approach provided greater statistical power to detect the hypothesized effects while maintaining appropriate significance thresholds, given our directional predictions about seller type influences on consumer valuations.

The primary analysis compared responses between retailer and reseller conditions for each product and measure. However, initial aggregate analyses revealed limited main effects, suggesting potential consumer heterogeneity in responses to seller type. To investigate this possibility, we conducted more nuanced analyses using median splits on two critical consumer engagement variables: Purchase Likelihood and Product Liking.

Purchase Likelihood captures consumers' behavioral intentions toward the product, representing a key indicator of market potential, while Product Liking reflects emotional connection to the product, which may influence channel preferences independently from purchase intentions. These two variables were selected as they represent distinct yet complementary dimensions of consumer engagement that could

moderate how seller type affects willingness to pay. For both variables, participants who scored above the median were classified as high engagement consumers, while those at or below the median were classified as low engagement consumers. This segmentation approach enabled us to examine how consumer interest and emotional product connection might interact with seller type to influence price perceptions across different footwear products.

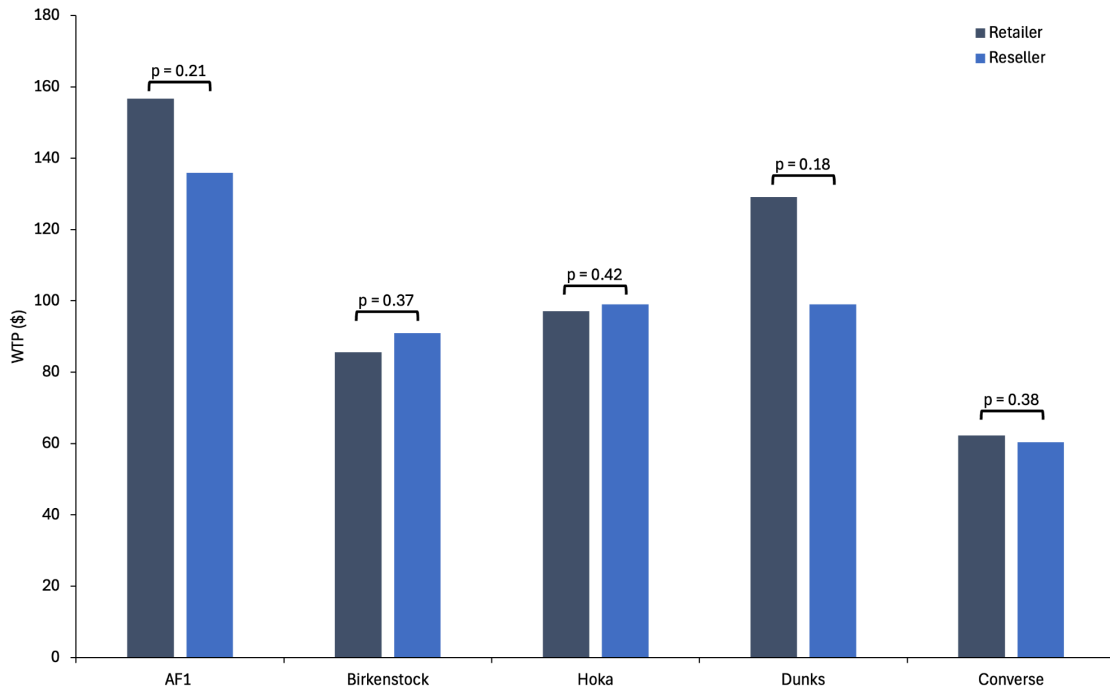
RESULTS

This section presents the findings from our experimental investigation into how seller type influences consumer willingness to pay (WTP). We begin by examining the direct effect of seller type (retailer versus reseller) on WTP across our five footwear products. We then explore how this relationship is moderated by consumer characteristics, specifically purchase likelihood and product liking. Our analyses reveal that while aggregate data show limited main effects, consumer segmentation uncovers significant heterogeneity in how different consumer groups respond to seller type across product categories. The findings provide nuanced insights into the complex relationship between distribution channels and consumer valuation.

4.1. Primary WTP Findings

Our primary analysis examines whether consumers demonstrate systematically different willingness to pay (WTP) when presented with identical products through different seller channels. As outlined in our hypotheses, we expected that seller type (retailer versus reseller) would influence consumer WTP, with this relationship potentially varying across product categories. To test this hypothesis, we compared mean WTP and other price perception measures between retailer and reseller conditions for each of our five footwear products (Nike Air Force 1, Birkenstock, Hoka, Nike Dunk, and Converse), as displayed in Figure 1.

Figure 1: Consumer WTP across Channels



We first examined the direct effect of seller type, retailer versus reseller, on willingness to pay across the five footwear products. Independent samples t-tests were conducted to compare mean WTP between the retailer ($n = 33$) and reseller conditions ($n = 26$) for each product.

For Nike Air Force 1, participants in the retailer condition reported a higher mean WTP ($M \approx \$156.67$) compared to those in the reseller condition ($M \approx \$135.96$).

For Birkenstock, we observed a reverse pattern, with participants in the reseller condition reporting a slightly higher mean WTP ($M \approx \$90.96$) than those in the retailer condition ($M \approx \$85.61$).

For Hoka, participants in the reseller condition showed a marginally higher mean WTP ($M \approx \$99.04$) compared to those in the retailer condition ($M \approx \$97.12$).

For Nike Dunk, the retailer condition yielded a higher mean WTP ($M \approx \$129.10$) compared to the reseller condition ($M \approx \$99.04$).

Finally, for Converse, participants in both conditions reported nearly identical WTP values (Retailer: $M \approx \$62.27$; Reseller: $M \approx \$60.38$).

Statistical analyses revealed no significant differences in WTP between retailer and reseller conditions across all five footwear products examined (Air Force 1: $p \approx 0.21$; Birkenstock: $p \approx 0.37$; Hoka: $p \approx 0.42$; Dunk: $p \approx 0.18$; Converse: $p \approx 0.38$).

In addition to the primary WTP measure, we conducted similar analyses on the six other measures collected in our study: maximum acceptable price, price floor, price ceiling, bargain price, purchase likelihood, and product liking. Consistent with our findings for WTP, none of these measures showed statistically significant differences between retailer and reseller conditions across any of the five products. This pattern of results suggests a robust lack of main effect for seller type on consumer price perceptions and product evaluations.

Contrary to our first hypothesis (H_1), these results indicate that seller type did not have a significant direct effect on consumer willingness to pay across any of the five products tested. Both limited-edition products (Nike Air Force 1 and Birkenstock) and standard products (Hoka, Nike Dunk, and Converse) showed no significant differences in WTP between retailer and reseller conditions.

However, these aggregate analyses may mask potential differences that exist within specific consumer segments. Specifically, we theorized that consumer preferences and purchase intentions might moderate the relationship between seller type and willingness to pay. To explore this possibility, we conducted additional analyses examining how purchase likelihood and product liking might interact with seller type to influence WTP, which are presented in the following section.

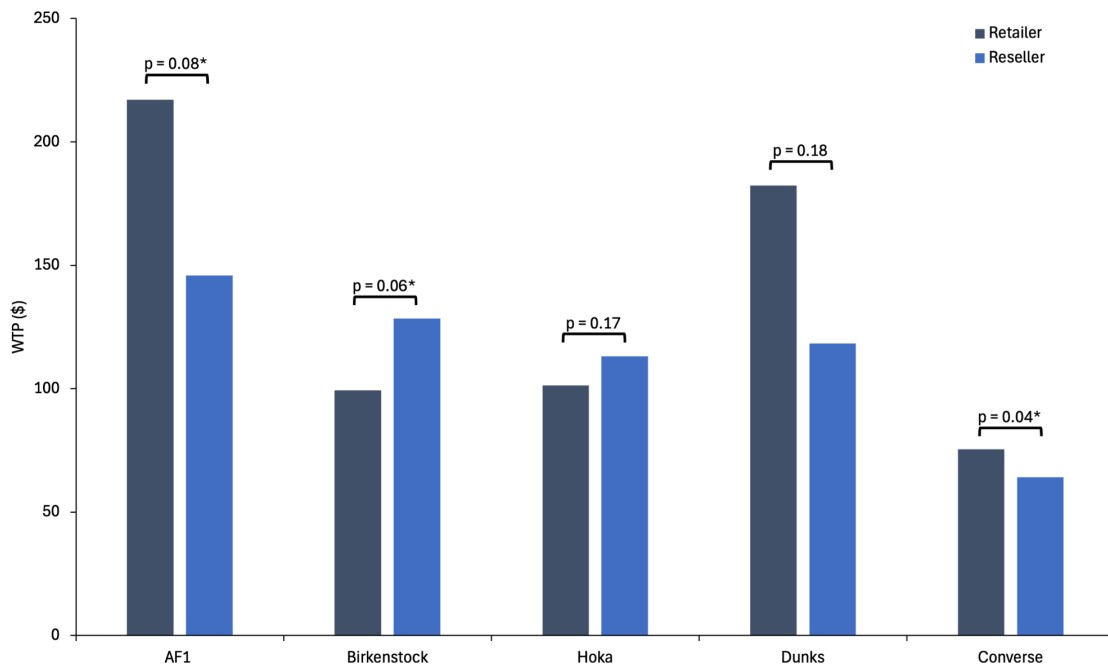
4.2. Heterogeneity Based on Purchase Likelihood

When examining our data through the lens of purchase likelihood, we observe striking patterns that suggest seller type influences WTP differently across consumer segments and product categories. For this

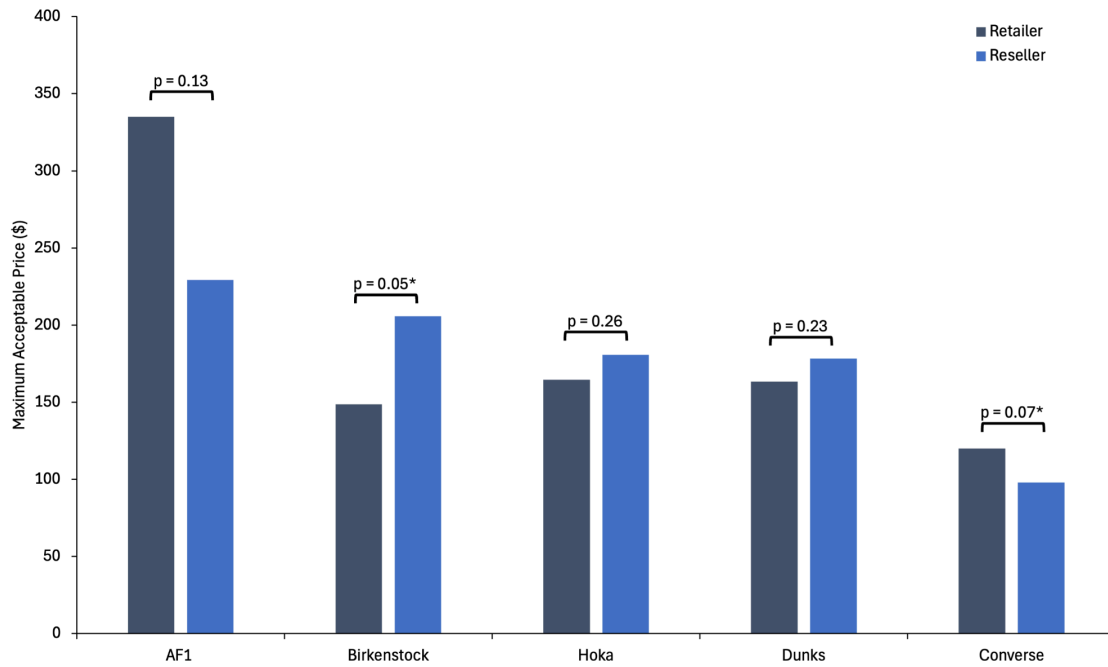
analysis, we categorized participants into high purchase likelihood consumers and low purchase likelihood consumers based on a median split of their self-reported likelihood of purchasing each product (measured on a 7-point scale). Participants who scored above the median were classified as high purchase likelihood consumers, representing those with stronger intention to purchase the product, while those at or below the median were classified as low purchase likelihood consumers, indicating weaker purchase intentions. This segmentation allows us to examine how purchase intentions moderate the relationship between seller type and WTP.

Figure 2: High Purchase Likelihood Consumers

Panel (a). WTP



Panel (b) Maximum Acceptable Price



4.2.1. High Purchase Likelihood Consumers

For consumers with high purchase likelihood, our analysis revealed three distinct patterns in willingness to pay across product categories. For Nike Air Force 1, high-interest consumers demonstrated substantially higher WTP through the retailer channel ($M \approx 217.08$) compared to the reseller channel ($M \approx \$145.83$, $p \approx 0.08$). Similarly, for Converse, retailer WTP ($M \approx \$75.38$) exceeded reseller WTP ($M \approx \$64.10$, $p \approx 0.04$). Notably, this difference is statistically significant for Converse, making it the strongest finding in our analysis. This pattern extended consistently across other price perception measures.² For AF1, the price ceiling showed retailer values ($M \approx \$255.42$) significantly higher than reseller values ($M \approx \$162.10$, $p \approx 0.08$), and the price floor followed the same direction ($M \approx \$80.83$ vs. $M \approx \$61.25$, $p \approx 0.08$).

In direct contrast, Birkenstock exhibited the opposite pattern, where high-interest consumers were willing to pay significantly more through resellers ($M \approx \$128.46$) than through retailers ($M \approx \$99.29$, $p \approx 0.06$).

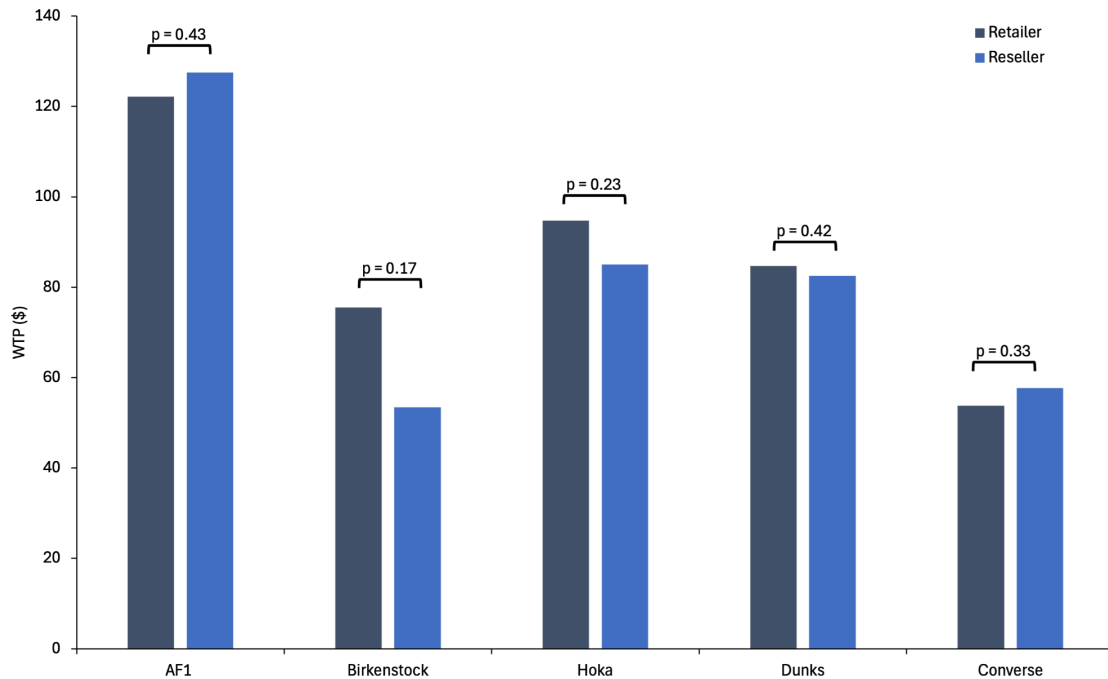
² The details on alternative perception measures (price floor, price ceiling, and price bargain) based on purchase likelihood are provided in Appendix B.

This reverse pattern was even more pronounced in the maximum acceptable price measure, where reseller values ($M \approx \$205.77$) substantially exceeded retailer values ($M \approx \$148.57$, $p \approx 0.05$), and the price floor, where reseller values ($M \approx \$66.92$) exceeded retailer values ($M \approx \$43.93$) with statistical significance ($p \approx 0.03$).

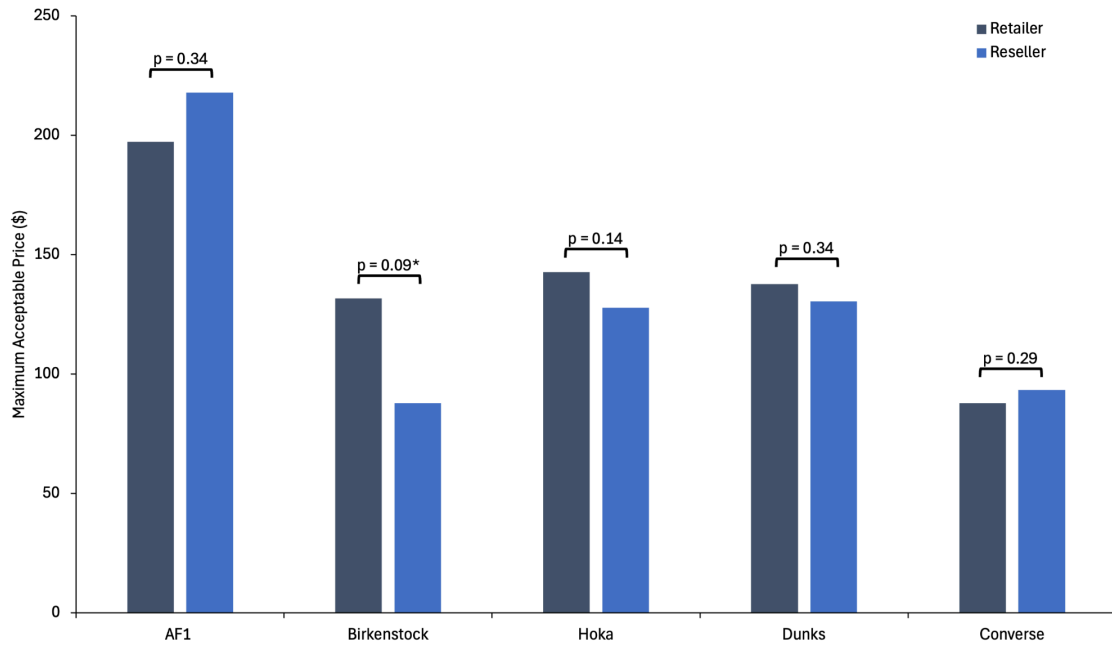
For Hoka and Nike Dunk, differences between seller types were less pronounced and not statistically significant. While there were directional differences – Hoka showed slightly higher WTP for resellers and Dunk showed higher WTP for retailers – these differences were not statistically meaningful, suggesting consumer indifference between channels for these products.

Figure 3: Low Purchase Likelihood Consumers

Panel (a). WTP



Panel (b). Maximum Acceptable Price



4.2.2. Low Purchase Likelihood Consumers

For consumers with low purchase likelihood, the patterns shifted dramatically across all product categories. For Nike AF1, the pattern reversed completely – low-interest consumers showed higher WTP for resellers ($M \approx \$127.50$) than retailers ($M \approx \122.14, $p \approx 0.43$), though this difference was not statistically significant. For Birkenstock, the pattern also flipped – low-interest consumers preferred retailers ($M \approx \$75.53$) over resellers ($M \approx \53.46, $p \approx 0.17$).

Similarly, for Hoka and Nike Dunk, low-interest consumers directionally preferred retailers (Hoka: $M \approx \$94.76$ vs. $M \approx \$85$, $p \approx 0.23$; Dunk: $M \approx \$84.72$ vs. $M \approx \$82.50$, $p \approx 0.42$), which contrasted with the pattern for Hoka among high-interest consumers. For Converse, low-interest consumers showed a slight preference for resellers ($M \approx \$57.66$) over retailers ($M \approx \53.75, $p \approx 0.33$), though this difference was minimal.

While none of these differences reached statistical significance in the low-likelihood group, the pattern reversals between high and low purchase likelihood consumers are noteworthy, suggesting that purchase intention fundamentally alters how consumers evaluate seller channels.

4.2.3. Explaining the Nonlinearity

The nonlinearity across product categories suggests complex interactions between product characteristics, brand positioning, and distribution channels. Several factors may explain these patterns.

Nike's strong brand equity and established retail channels likely create expectations of authenticity and quality that drive higher WTP through authorized channels for interested consumers. This aligns with existing research on how brand equity affects channel perceptions (Jiang & Tian, 2018). For Birkenstock, resellers may be perceived as adding value through curation, exclusivity signaling, or market validation for high-interest consumers. However, low-interest consumers appear to value the security of authorized retail channels for this brand, suggesting that the value proposition of resellers varies based on consumer engagement level.

High-interest Nike consumers may place greater emphasis on authenticity guarantees from retailers due to higher counterfeiting risks in the sneaker market, creating a risk premium for authorized channels. In contrast, Birkenstock products may benefit from the cultural cachet that resellers provide, particularly for consumers who are highly engaged with the brand and understand its positioning within fashion communities.

The dramatic reversal in patterns between high and low interest consumers suggests that channel preferences are fundamentally tied to product interest and knowledge. Highly motivated consumers appear to bring different evaluation frameworks to their purchase decisions, weighing factors such as authenticity, scarcity, and social signaling differently depending on the product category.

Regarding the statistical significance differences between high and low purchase likelihood groups, we observe that high-interest consumers demonstrate much stronger preferences between seller types. For high-likelihood consumers, we see statistical significance ($p < 0.10$) for AF1 ($p \approx 0.08$), Birkenstock ($p \approx 0.06$), and Converse ($p \approx 0.04$). In contrast, low-likelihood consumers show no statistically significant preferences (all p values > 0.15). This difference in significance indicates that seller type becomes a meaningful decision factor primarily when consumers have a strong interest in a product.

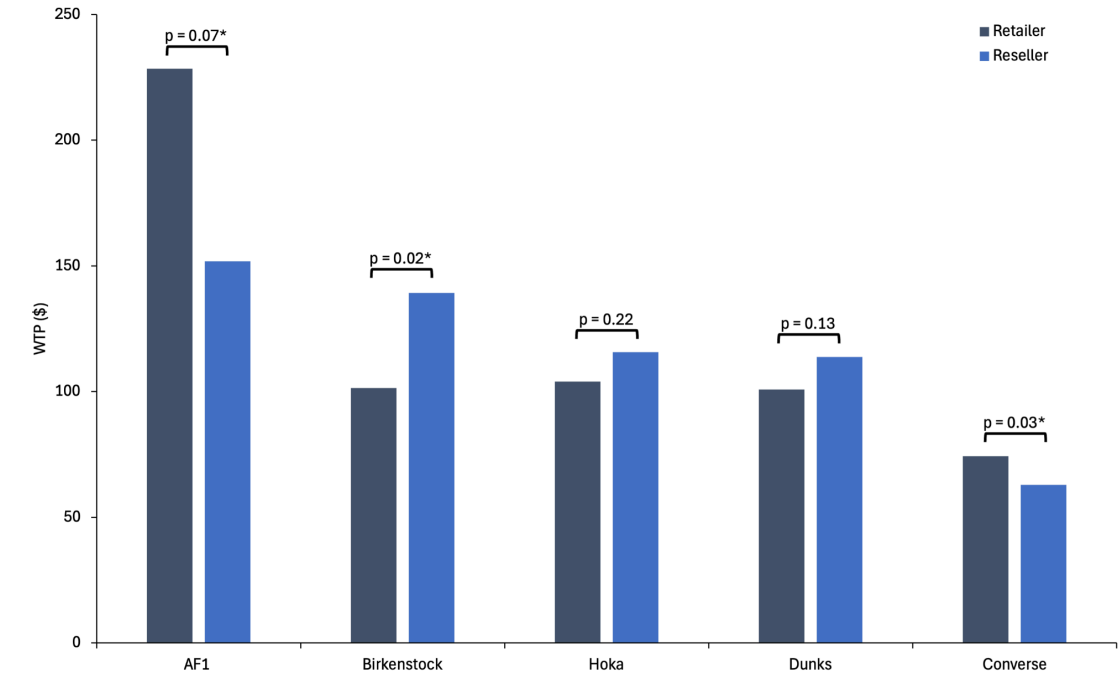
When consumers are highly engaged with a product category, they develop more nuanced preferences about acquisition channels, leading to stronger and more consistent seller type effects. In contrast, when consumers have little interest in purchasing a product, the distribution channel becomes less consequential in their valuation, resulting in smaller, non-significant differences in WTP between retailer and reseller conditions. This pattern suggests that the psychological mechanisms underlying seller type effects may only activate when consumers are sufficiently motivated to carefully evaluate purchase options.

4.3. Heterogeneity Based on Product Liking

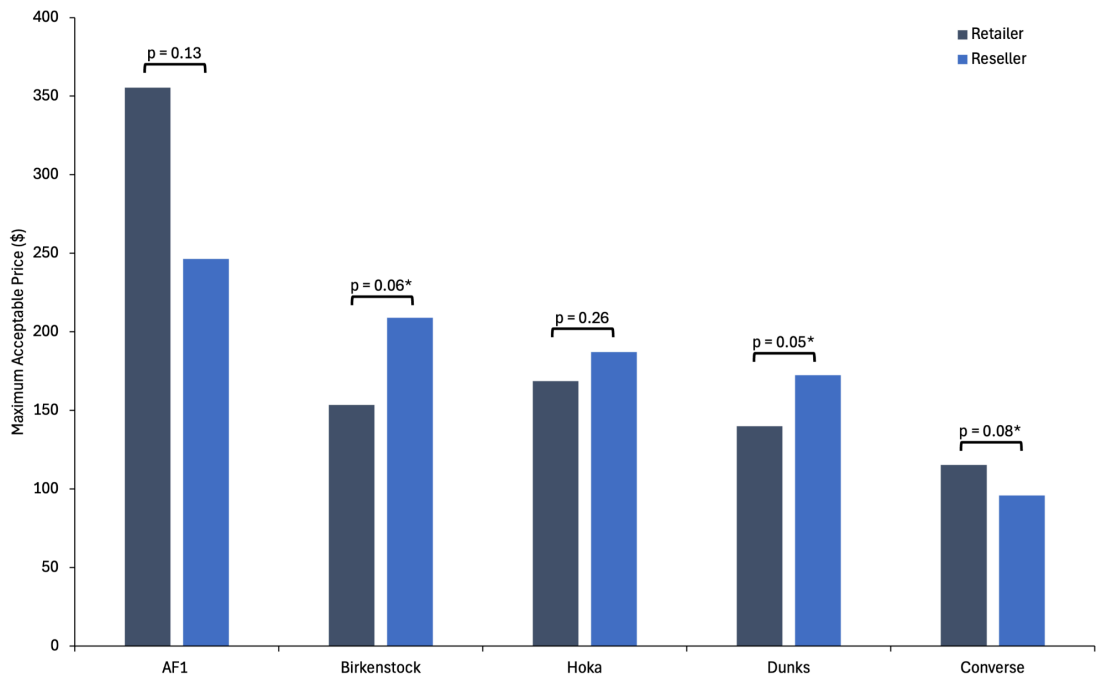
Our analysis of product liking as a moderating variable reveals striking patterns similar to those found in the purchase likelihood analysis, but with some noteworthy differences. Similarly to purchase likelihood, we categorized participants into high product liking consumers and low product liking consumers based on a median split of their self-reported liking of each product (measured on a 7-point scale). Participants who scored above the median were classified as high product liking consumers, representing those with stronger emotional connection or preference for the product, while those at or below the median were classified as low product liking consumers, indicating weaker product affinity. This segmentation allows us to examine how emotional product connection moderates the relationship between seller type and WTP, distinct from purchase likelihood.

Figure 4: High Product Liking Consumers

Panel (a). WTP



Panel (b). Maximum Acceptable Price



4.3.1. High Product Liking Consumers

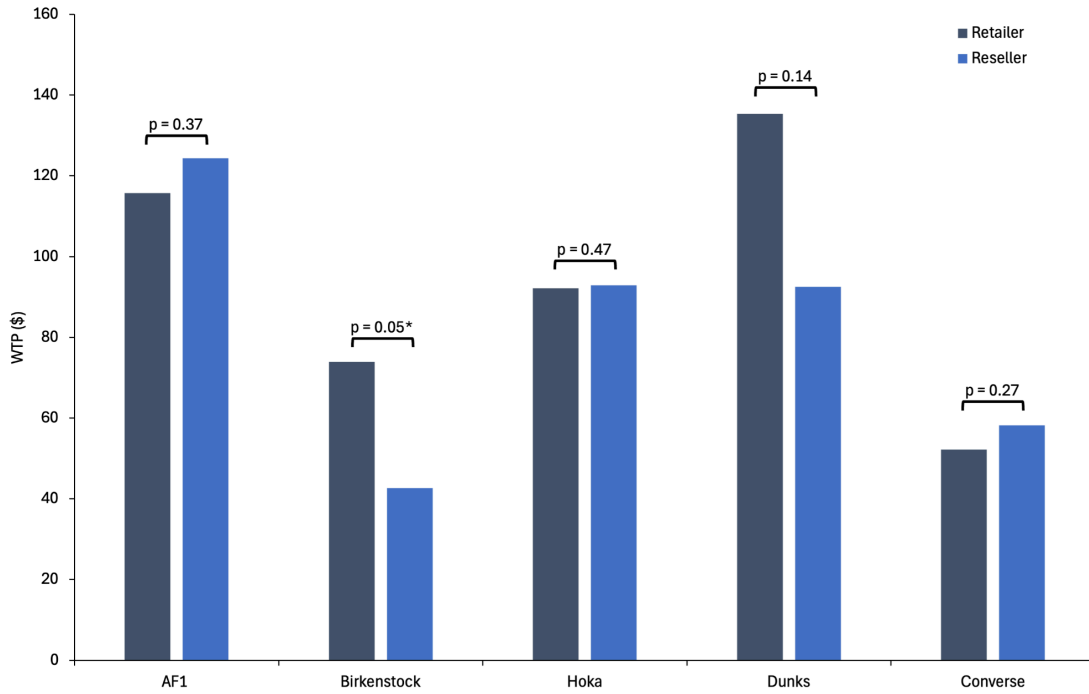
When examining consumers who expressed high product liking, we observed consistent patterns with some important variations from the purchase likelihood analysis. For Nike Air Force 1, high-liking consumers demonstrated substantially higher WTP through the retailer channel ($M \approx \$228.33$) compared to the reseller channel ($M \approx \$151.82$, $p \approx 0.07$). This pattern was even more pronounced for Converse, where the retailer WTP ($M \approx \$74.33$) significantly exceeded reseller WTP ($M \approx \$62.92$, $p \approx 0.03$). This pattern extended across other price measures,³ with the maximum acceptable price for AF1 showing retailer values ($M \approx \$355.50$) higher than reseller values ($M \approx \$246.36$, $p \approx 0.13$), and the price ceiling showing a similar pattern ($M \approx \$266.25$ vs. $M \approx \$200.45$, $p \approx 0.18$).

In stark contrast, Birkenstock exhibited a robust opposite pattern, with high-liking consumers willing to pay significantly more through resellers ($M \approx \$139.23$) than through retailers ($M \approx \$101.43$, $p \approx 0.02$). This represents the strongest statistical finding in the product liking analysis. This pattern was consistent across measures, with the maximum acceptable price showing reseller values ($M \approx \$208.85$) substantially exceeding retailer values ($M \approx \$153.57$, $p \approx 0.06$). Interestingly, both Hoka and Nike Dunk joined this pattern in the liking analysis, with directionally higher WTP through resellers (Hoka: $M \approx \$115.71$ vs. $M \approx \$103.93$, $p \approx 0.22$; Dunk: $M \approx \$113.75$ vs. $M \approx \$100.83$, $p \approx 0.13$), demonstrating greater reseller preference among high-liking consumers than was observed in the purchase likelihood analysis.

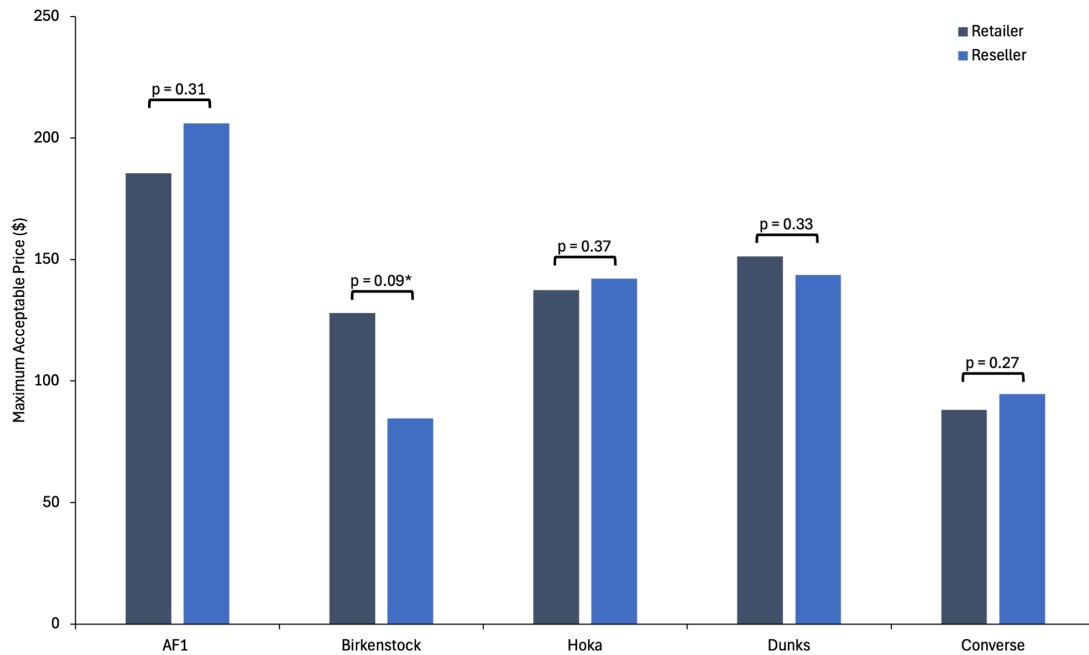
³ The details on alternative perception measures (price floor, price ceiling, and price bargain) based on product liking are provided in Appendix C.

Figure 5: Low Product Liking Consumers

Panel (a). WTP



Panel (b). Maximum Acceptable Price



4.3.2. Low Product Liking Consumers

For consumers with low product liking, the patterns shifted dramatically across product categories, often reversing the preferences observed in high-liking consumers. For Birkenstock, the pattern completely reversed – low-liking consumers strongly preferred retailers ($M \approx \$73.95$) over resellers ($M \approx \42.69, $p \approx 0.05$). This was reflected consistently across measures, with the price ceiling showing a particularly strong effect (retailer: $M \approx \$93.26$ vs. reseller: $M \approx \$53.23$, $p \approx 0.04$).

For Nike AF1, the pattern also reversed – low-liking consumers showed higher WTP for resellers ($M \approx \$124.33$) than retailers ($M \approx \115.71, $p \approx 0.37$), though this difference was not statistically significant. For Nike Dunk, low-liking consumers strongly preferred retailers ($M \approx \$135.37$) over resellers ($M \approx \92.50, $p \approx 0.14$), a reversal from the high-liking group. These consistent pattern reversals between high and low product liking consumers further reinforce our finding that consumer engagement fundamentally alters how distribution channels influence product valuation.

4.3.3. Comparison with Purchase Likelihood Findings

The product liking analysis reveals remarkable consistency with our purchase likelihood findings, reinforcing several key patterns while also highlighting subtle differences in how consumers respond to seller types. Both analyses confirm that consumer engagement – whether measured through purchase likelihood or product liking – significantly moderates the relationship between seller type and willingness to pay. In both cases, highly engaged consumers demonstrate stronger, statistically significant preferences between channels, while less engaged consumers show weaker, generally non-significant effects. Both analyses also reveal striking pattern reversals between high and low engagement consumers, particularly for Nike AF1 and Birkenstock, suggesting that the psychological mechanisms driving channel preferences fundamentally differ based on consumer engagement level.

Despite these consistencies, notable differences emerge that provide additional insights into the complex relationship between seller type and WTP. For Nike Dunk, high product liking is associated with a

preference for resellers, while high purchase likelihood showed a preference for retailers. This divergence suggests that emotional connection with a product may trigger different channel preferences than purchase intent alone. The product liking analysis also yields stronger statistical significance for some products, particularly Birkenstock ($p \approx 0.02$ for high liking vs. $p \approx 0.06$ for high likelihood), indicating that emotional product engagement may create more decisive channel preferences. Perhaps most interestingly, high-liking consumers show reseller preference for three of five products (Birkenstock, Hoka, and Dunk), compared to only one product (Birkenstock) in the likelihood analysis, suggesting that emotional product connection may increase consumers' willingness to engage with alternative distribution channels.

These findings further support our conclusion that the relationship between seller type and WTP is not universal but depends on product category, brand positioning, and consumer engagement. The consistency across two different engagement measures strengthens the robustness of these conclusions, while the differences provide additional nuance to our understanding of how different aspects of consumer engagement influence channel preferences. These findings suggest that brands and retailers may need to consider not just whether consumers intend to purchase their products, but also how emotionally connected consumers feel to those products when developing distribution strategies.

DISCUSSION

This study investigated the relationship between seller type and consumer willingness to pay across different product categories and consumer segments. Our findings reveal a complex pattern of consumer responses that challenges simplistic assumptions about reseller effects on perceived value. While our aggregate analysis showed no significant main effect of seller type on WTP, examining consumer heterogeneity based on purchase likelihood and product liking uncovered meaningful patterns that provide important insights for both theory and practice. This section discusses the implications of these

findings and acknowledges the limitations of our approach, offering directions for future research to build on this work.

5.1. Implications

Our results have several important implications for theory and practice. First, our findings demonstrate that the effect of seller type on WTP is not universal but rather contingent on consumer characteristics and product category. This challenges theoretical models that assume consistent reseller effects across markets and suggests a need for more nuanced approaches that account for consumer heterogeneity. Commodity theory posits that scarcity enhances perceived value, but our results suggest that the distribution channel through which scarcity is signaled matters significantly, with this relationship varying across product types and consumer segments.

Second, our discovery of pattern reversals between high and low engagement consumers offers important insights for marketers and retailers. For highly engaged consumers, Nike products commanded higher WTP through authorized retail channels while Birkenstock products showed the opposite pattern. This suggests that brands with different positioning may benefit from distinct distribution strategies, with some brands potentially benefiting from selective reseller partnerships while others should maintain tighter control over distribution. The finding that high-engagement consumers demonstrate stronger channel preferences also suggests that distribution strategy may be particularly consequential for cultivating relationships with a brand's most dedicated customers.

Third, our results indicate that emotional product connection (liking) and purchase intention may trigger different evaluations of seller channels. For instance, high product liking was associated with reseller preference for three of five products, compared to only one product in the likelihood analysis, suggesting that emotional connection may increase consumers' willingness to engage with alternative distribution channels. This has implications for how brands might segment their approach to different distribution channels based not just on purchase intent but on emotional engagement with products.

Finally, these findings have practical implications for pricing strategies across different seller types. The pronounced heterogeneity in channel preferences suggests that both retailers and resellers could benefit from more targeted pricing approaches that account for consumer engagement levels and product category differences, rather than applying uniform pricing premiums or discounts across their inventories. For instance, resellers might command premiums for Birkenstock products among highly engaged consumers but would need to offer discounts for Nike products to attract the same consumer segment.

5.2. Limitations

Our study has several important limitations that should be considered when interpreting the results and that point to opportunities for future research. The most significant limitation is that we did not fully examine two of the hypotheses outlined in our theoretical framework. Time and resource constraints precluded our ability to thoroughly investigate all four hypotheses, necessitating a more focused approach on the first two hypotheses.

First, we did not systematically investigate how brand equity moderates the relationship between seller type and WTP (H_3). While our product selection included brands with varying levels of equity (Nike, Birkenstock, Hoka, Converse), we did not explicitly manipulate or measure brand equity as an independent variable. Future experiments could address this by presenting identical products under different brand names with empirically established equity scores or by including established measures of brand equity as a moderating variable in the analysis. Such an approach would allow for more direct testing of how brand equity interacts with seller type to influence consumer valuation.

Second, we did not examine how consumer risk tolerance moderates the seller type-WTP relationship (H_4). Given that purchasing from resellers potentially involves different risk assessments compared to buying from retailers (due to concerns about product authenticity, condition, or seller reliability), individual differences in risk tolerance could significantly influence channel preferences. Future studies could address this limitation by including validated risk tolerance measures and examining them as

moderating variables, or by manipulating transaction risk through varying return policies, payment security, and authentication guarantees across seller types.

Additionally, our use of a student sample raises questions about the generalizability of our findings to broader consumer populations. While college students represent an important consumer segment for footwear products, their price sensitivity, brand perceptions, and familiarity with resale markets may differ from those of other demographic groups. Future research should test these relationships with more diverse consumer samples across different age groups, income levels, and geographic regions.

Our experimental design also has limitations. The hypothetical nature of our scenarios may not fully capture the complexity of real-world purchasing decisions, where factors like urgency, product availability, and tangible product inspection play important roles. Hypothetical bias may lead participants to overstate their true willingness to pay, and the sequential nature of our experimental design could create order effects despite our randomization efforts. Future research could employ field experiments, conjoint analysis, or incentive-compatible mechanisms to more accurately measure true WTP across different distribution channels.

Finally, while our focus on footwear provides a clear and relevant context for studying seller type effects, it may limit generalizability to other product categories. The dynamics we observed may operate differently in markets for digital goods, luxury accessories, or consumer electronics. Future research should examine seller type effects across diverse product categories to develop a more comprehensive understanding of how distribution channels influence consumer valuation in different market contexts.

CONCLUSION

This research explored how reseller presence influences consumer willingness to pay across different product categories and consumer segments. Our experimental approach allowed us to directly address the causality challenge that has limited previous research in this domain, providing insights into how and when seller type affects consumer valuation. The findings suggest that while there is no universal effect of

seller type on WTP, important patterns emerge when examining consumer heterogeneity, with high-engagement consumers showing significantly different channel preferences compared to low-engagement consumers. These patterns suggest that distribution channels can influence perceived value, but in ways that are contingent on consumer characteristics and product category.

Our research makes several contributions to both theory and practice. Theoretically, we extend commodity theory by demonstrating that the relationship between scarcity and perceived value depends not just on product availability but on the distribution channel through which that scarcity is experienced. For practitioners, our findings highlight the importance of aligning distribution strategies with brand positioning and consumer segments, suggesting that different brands may benefit from distinct approaches to managing reseller relationships.

This study represents the first step in what should be a broader research program investigating the complex relationship between distribution channels and consumer valuation. Future research should build on our foundation by exploring several promising directions. First, experimental designs that systematically manipulate brand equity could help clarify how brands with different levels of equity are affected by reseller presence. This could be accomplished through controlled experiments that present identical products under different brand names or that measure and analyze brand equity as a moderator.

Second, research exploring the psychological mechanisms underlying these effects would significantly enhance our understanding of how distribution channels influence consumer perception. Studies could examine whether resellers primarily act as scarcity signals, status validators, or risk factors in consumer decision-making, and how these mechanisms vary across product categories and consumer segments. Techniques such as mediation analysis with appropriate process measures could help identify which psychological pathways are most important in different contexts.

Third, investigating how risk tolerance shapes consumer responses to different seller types represents an important extension of this work. Experiments that manipulate transaction risk or that measure individual

risk tolerance could help determine when and how risk considerations influence seller type effects. This could involve both manipulating objective risk factors (such as return policies or authentication guarantees) and measuring subjective risk perceptions across different distribution channels.

Finally, exploring these relationships across a broader range of product categories – from digital goods to luxury items to everyday consumables – would help establish boundary conditions and enhance generalizability. Different product categories may activate different consumer concerns and priorities, potentially leading to distinct patterns of seller type effects.

In conclusion, this research has demonstrated that the relationship between reseller presence and consumer willingness to pay is more nuanced than previously recognized, with important implications for how brands manage their distribution strategies. By continuing to investigate the moderating factors and psychological mechanisms underlying these effects, future research can provide increasingly precise guidance for how different brands should approach the growing presence of resellers in consumer markets.

STATEMENT ON AI

I acknowledge that artificial intelligence tools, specifically Claude, were used during the thesis development process. The usage was limited to preliminary topic brainstorming, refining research questions, and completing class assignments related to the thesis prospectus. All final research design decisions, analytical choices, and written content are my own work. The AI tools served purely as thought partners in the early conceptual stages.

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APPENDIX A

Appendix A shows the details of the experiment. Participants were randomly assigned to either the retailer or reseller experimental condition, with product display order also randomized across participants. Data from participants who failed the manipulation check were excluded from subsequent analyses.

Procedure

We're interested in your thoughts on some shoes today. We've put together a shopping experience where you can browse through different sneakers and let us know what you think about them. You'll see 5 online product listings and we'd love for you to tell us if you'd consider buying them and what price feels right to you. We'll also ask about your general shopping habits along the way.

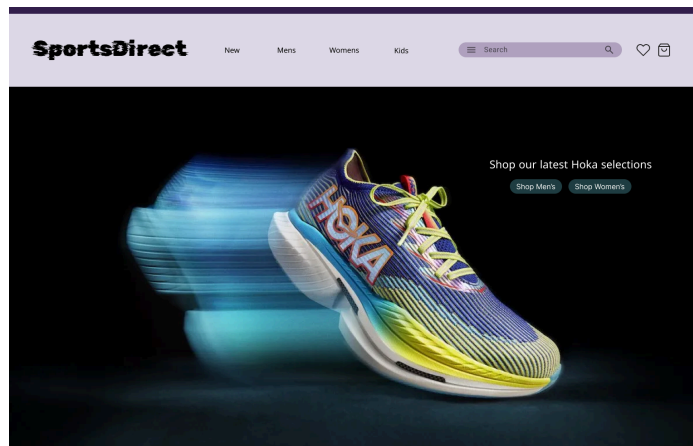
SportsDirect Background

Welcome to SportsDirect, an established sports [**retailer / reseller**].

As an [**authorized retailer / specialized reseller**], we partner with manufacturers to source the hottest sneakers and apparel directly from them. We work hard to follow manufacturer's guidelines on price and distribution.

Our store offers:

- Brand New, Authentic Products
- Free Shipping
- 30-day Returns
- Secure Payment Processing



Air Force 1 - Limited-Edition

SportsDirect – [Authorized Retailer/Specialized Reseller]

The **Air Force 1** is streetwear known for its clean design and chunky silhouette. This versatile sneaker works with almost any outfit, from casual to dressed up.

This shoe is a **limited-edition version**, with only 100 manufactured worldwide.



How much would you be willing to pay for these shoes? Please enter a dollar amount below.

[]

At what price would you consider the product to be so expensive that you would not consider buying it?

[]

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

[]

At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it?

[]

At what price would you consider the product to be a bargain – a great buy for the money?

[]

How likely is it that you will purchase these shoes?

Very unlikely

Very likely

1

2

3

4

5

6

7

How much do you like this product?

Not at all

Very much

1

2

3

4

5

6

7

Birkenstock - Limited-Edition

SportsDirect – [Authorized Retailer/Specialized Reseller]

These aren't just any sandals – **Birkenstocks** are known for their signature footbed that molds to your feet. From casual errands to weekend adventures, these sandals have become a modern essential.

This shoe is a **limited-edition version**, with only 300 manufactured worldwide.



How much would you be willing to pay for these shoes? Please enter a dollar amount below.

[]

At what price would you consider the product to be so expensive that you would not consider buying it?

[]

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

[]

At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it?

[]

At what price would you consider the product to be a bargain – a great buy for the money?

[]

How likely is it that you will purchase these shoes?

Very unlikely

Very likely

1

2

3

4

5

6

7

How much do you like this product?

Not at all

Very much

1

2

3

4

5

6

7

Hoka

SportsDirect – [Authorized Retailer/Specialized Reseller]

With its distinctive chunky sole and lightweight feel, Hoka stands out in any crowd. These ultra-cushioned shoes have gained a following both in and out of the gym.



How much would you be willing to pay for these shoes? Please enter a dollar amount below.

[]

At what price would you consider the product to be so expensive that you would not consider buying it?

[]

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

[]

At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it?

[]

At what price would you consider the product to be a bargain – a great buy for the money?

[]

How likely is it that you will purchase these shoes?

Very unlikely

Very likely

1

2

3

4

5

6

7

How much do you like this product?

Not at all

Very much

1

2

3

4

5

6

7

Dunk

SportsDirect – [Authorized Retailer/Specialized Reseller]

A favorite among sneakerheads, the Dunk brings classic basketball style to the streets. With its clean lines and bold color combinations, it's easy to see why these are so sought after.



How much would you be willing to pay for these shoes? Please enter a dollar amount below.

[]

At what price would you consider the product to be so expensive that you would not consider buying it?

[]

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

[]

At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it?

[]

At what price would you consider the product to be a bargain – a great buy for the money?

[]

How likely is it that you will purchase these shoes?

Very unlikely

Very likely

1

2

3

4

5

6

7

How much do you like this product?

Not at all

Very much

1

2

3

4

5

6

7

Converse

SportsDirect – [Authorized Retailer/Specialized Reseller]

The Chuck Taylor All-Star is simple, timeless, and endlessly versatile. From music stages to city streets, these canvas classics have been a go-to for decades.



How much would you be willing to pay for these shoes? Please enter a dollar amount below.

[]

At what price would you consider the product to be so expensive that you would not consider buying it?

[]

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

[]

At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it?

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At what price would you consider the product to be a bargain – a great buy for the money?

[]

How likely is it that you will purchase these shoes?

Very unlikely

Very likely

1

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7

How much do you like this product?

Not at all

Very much

1

2

3

4

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6

7

Manipulation Check

Was the seller a retailer or reseller?

- Retailer
- Reseller
- Neither

Demographics

Have you purchased athletic sneakers in the past 12 months?

- Yes
- No

How often do you shop online?

- Never
- Rarely (1-2 times per year)
- Sometimes (3-6 times per year)
- Often (7-12 times per year)
- Very Often (more than 12 times per year)

Gender

- Male
- Female
- Non-binary / third gender
- Prefer not to say

Age

[]

Year in School

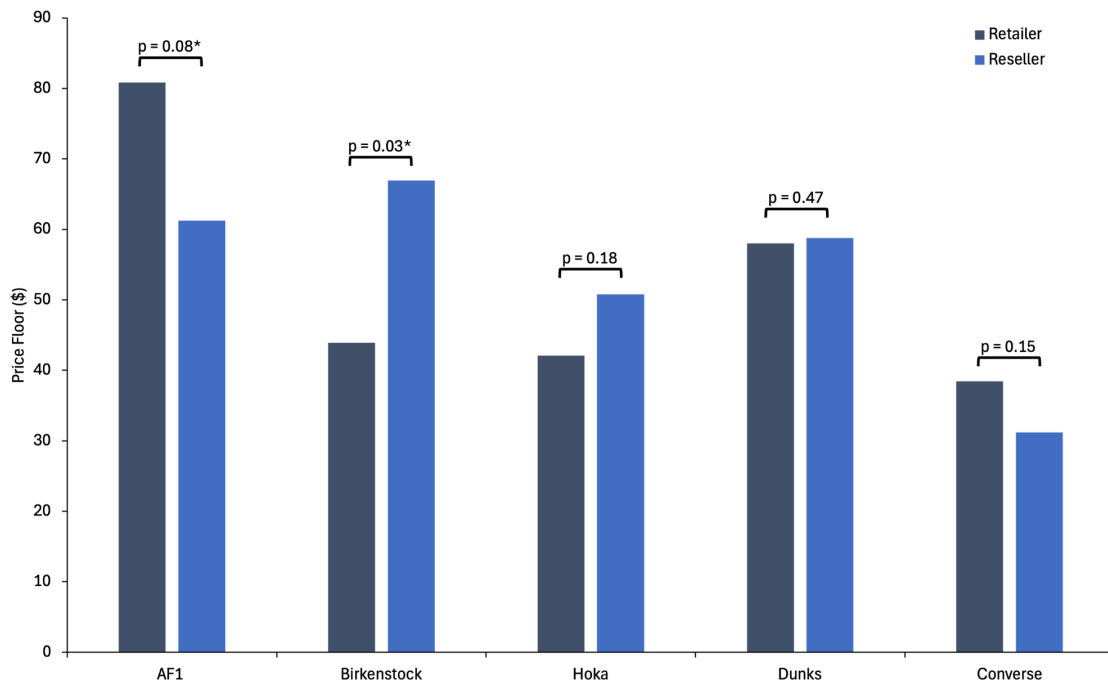
- Freshman
- Sophomore
- Junior
- Senior
- Graduate Student

APPENDIX B

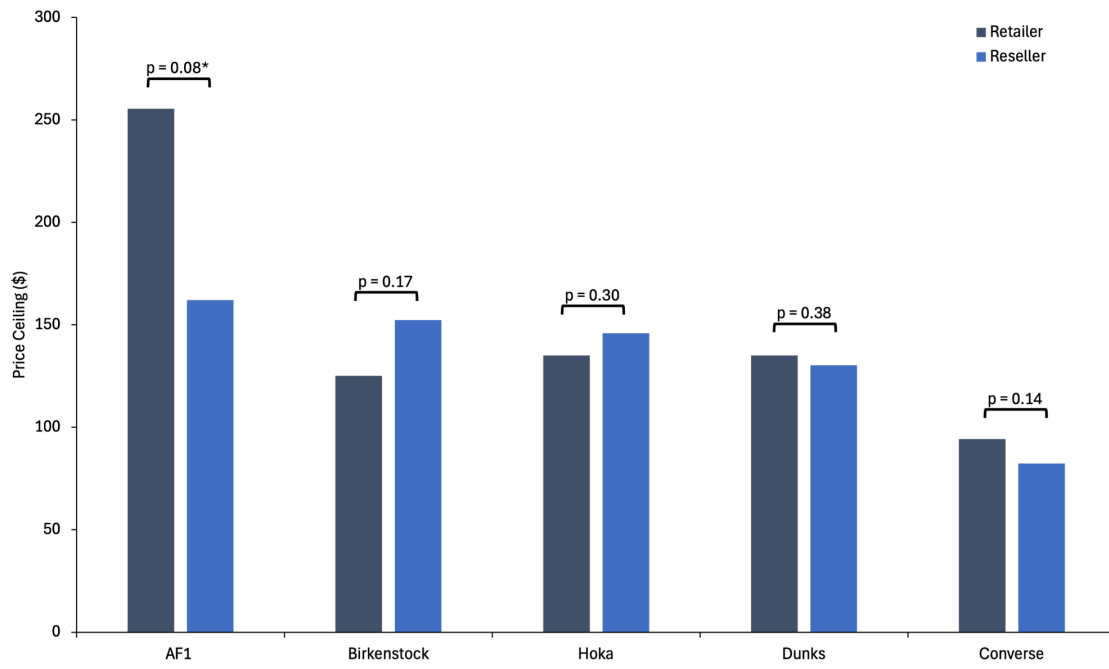
Appendix B contains the two-sample t-tests for alternative perception measures – price floor, price ceiling, and bargain price – across high and low purchase likelihood consumers.

Figure B-1: High Purchase Likelihood Consumers

Panel (a). Price Floor



Panel (b). Price Ceiling



Panel (c). Price Bargain

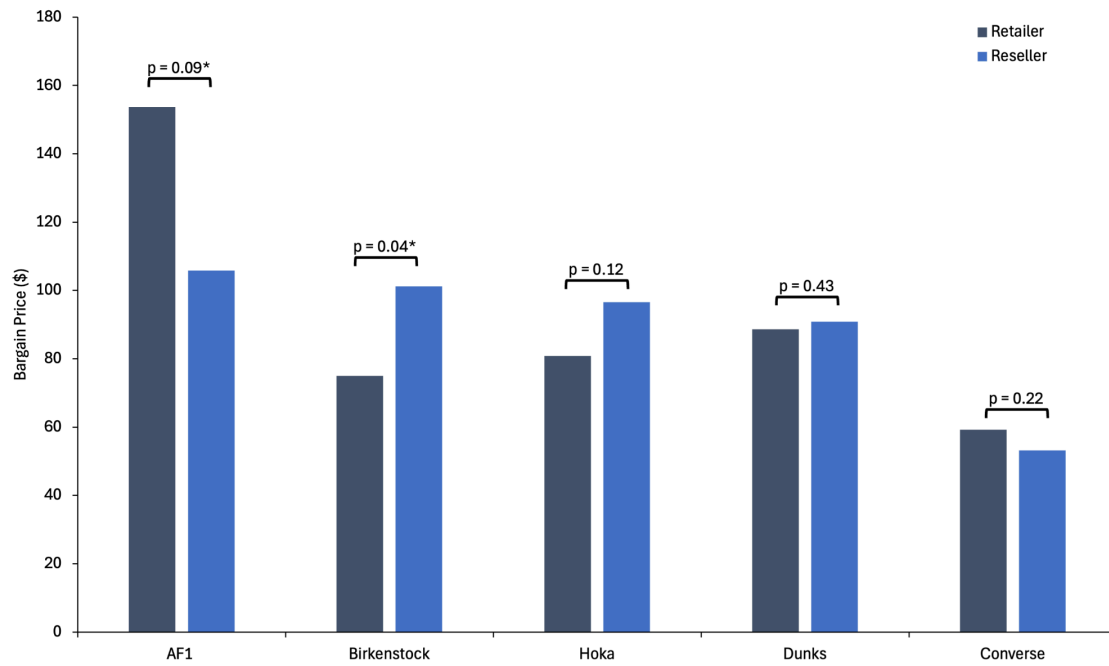
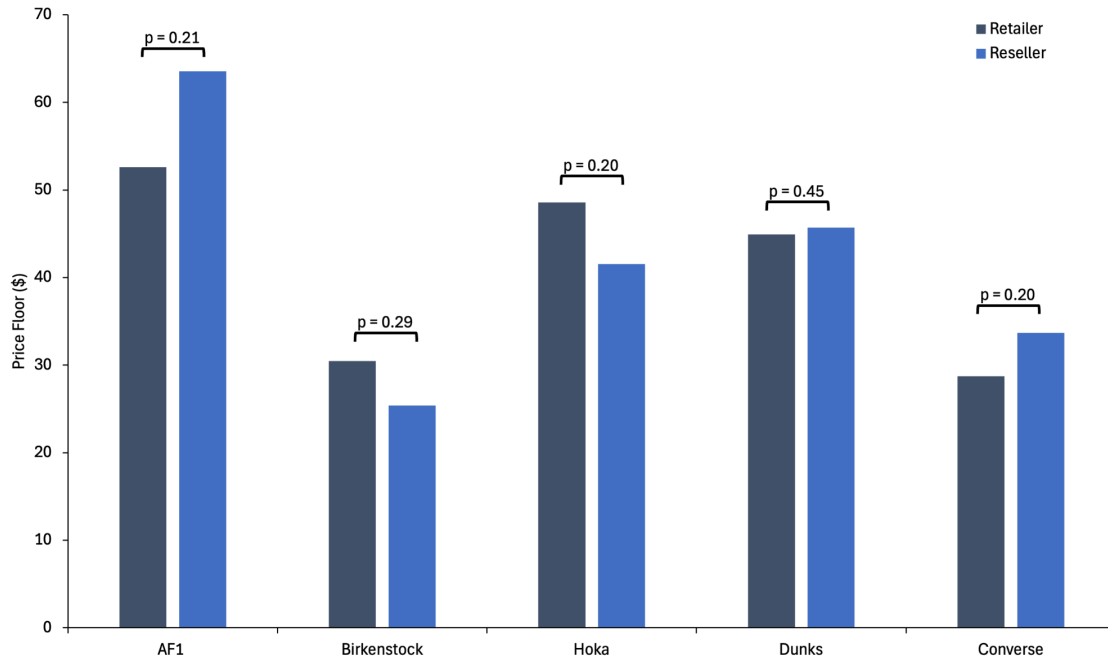
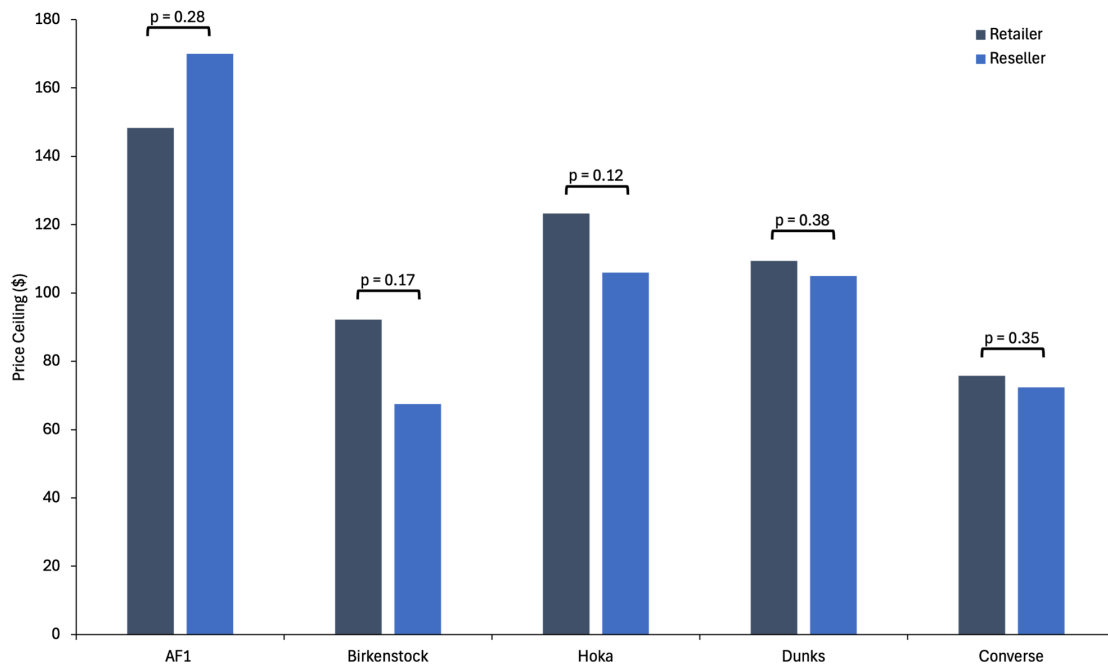


Figure B-2: Low Purchase Likelihood Consumers

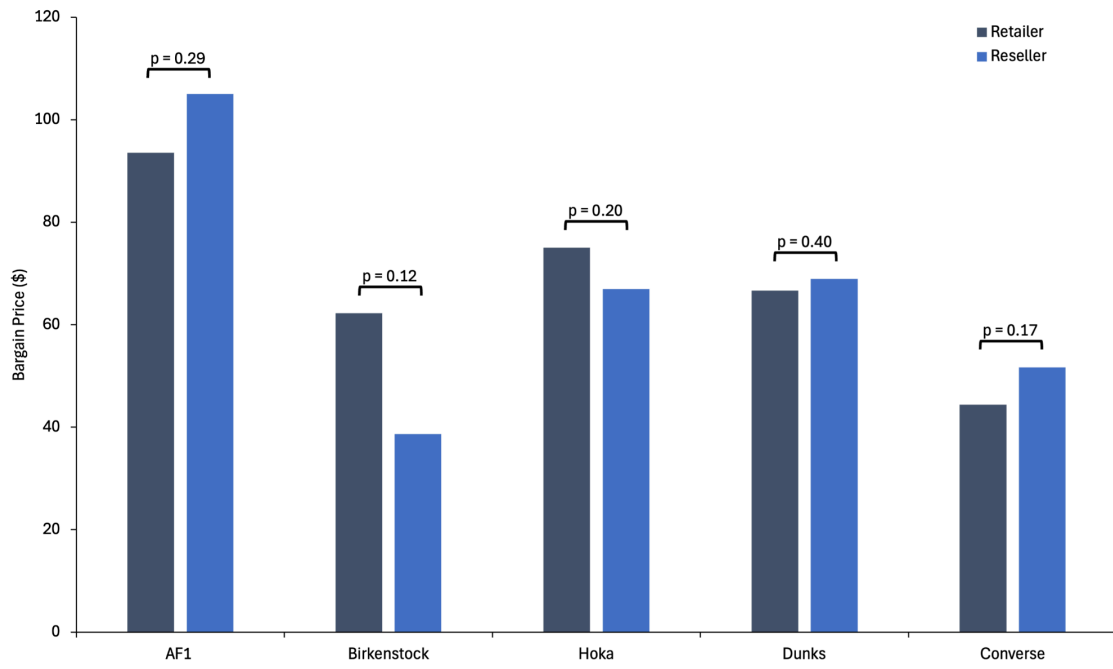
Panel (a). Price Floor



Panel (b). Price Ceiling



Panel (c). Price Bargain

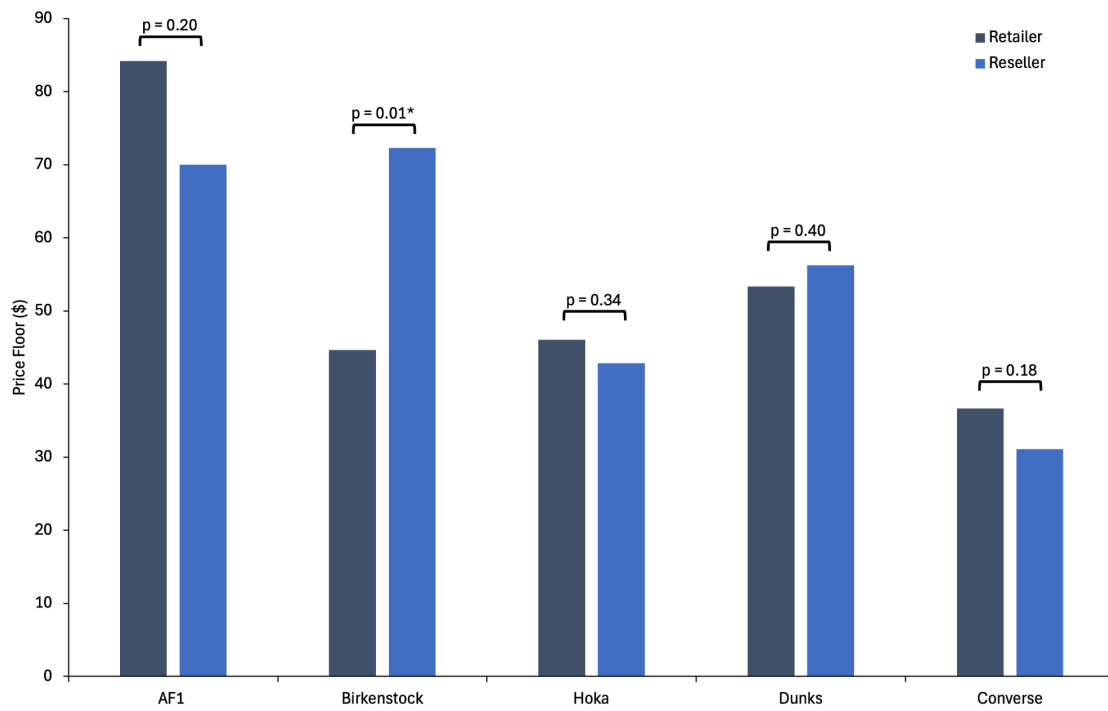


APPENDIX C

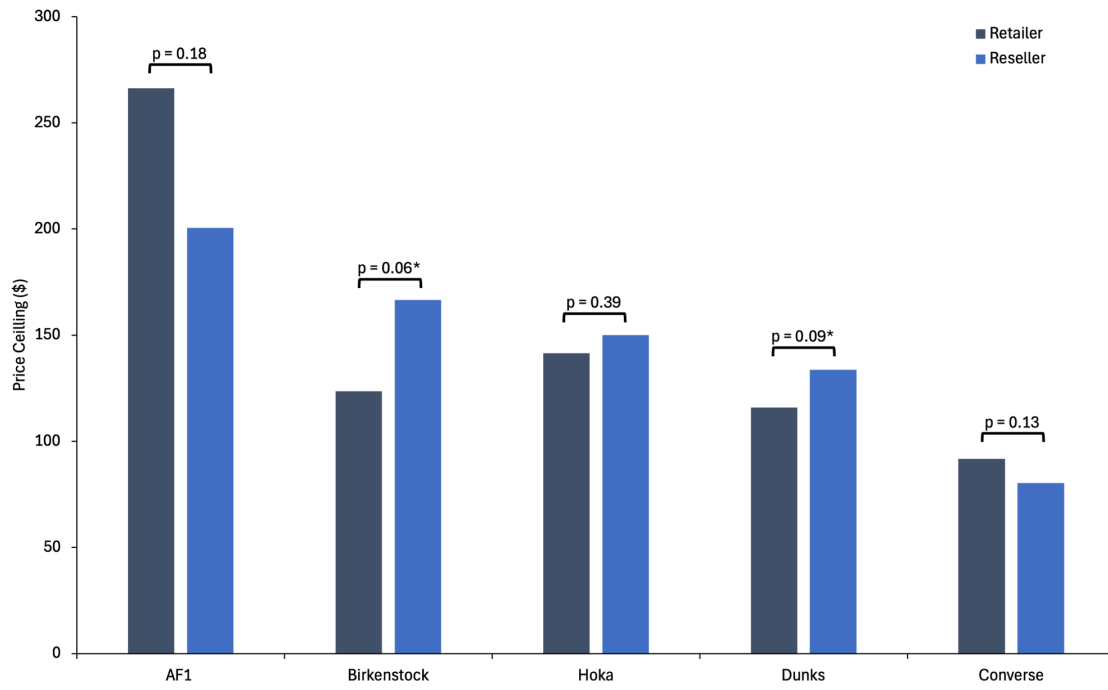
Appendix C contains the two-sample t-tests for alternative perception measures – price floor, price ceiling, and bargain price – among high and low product liking consumers.

Figure C-1: High Product Liking Consumers

Panel (a). Price Floor



Panel (b). Price Ceiling



Panel (c). Price Bargain

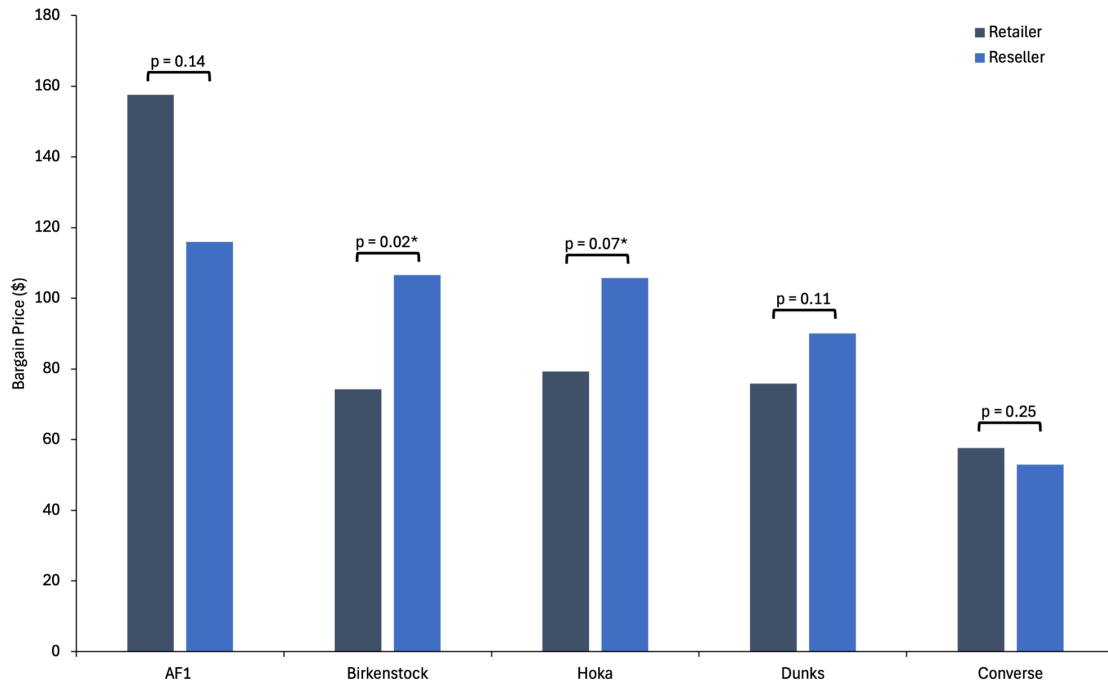
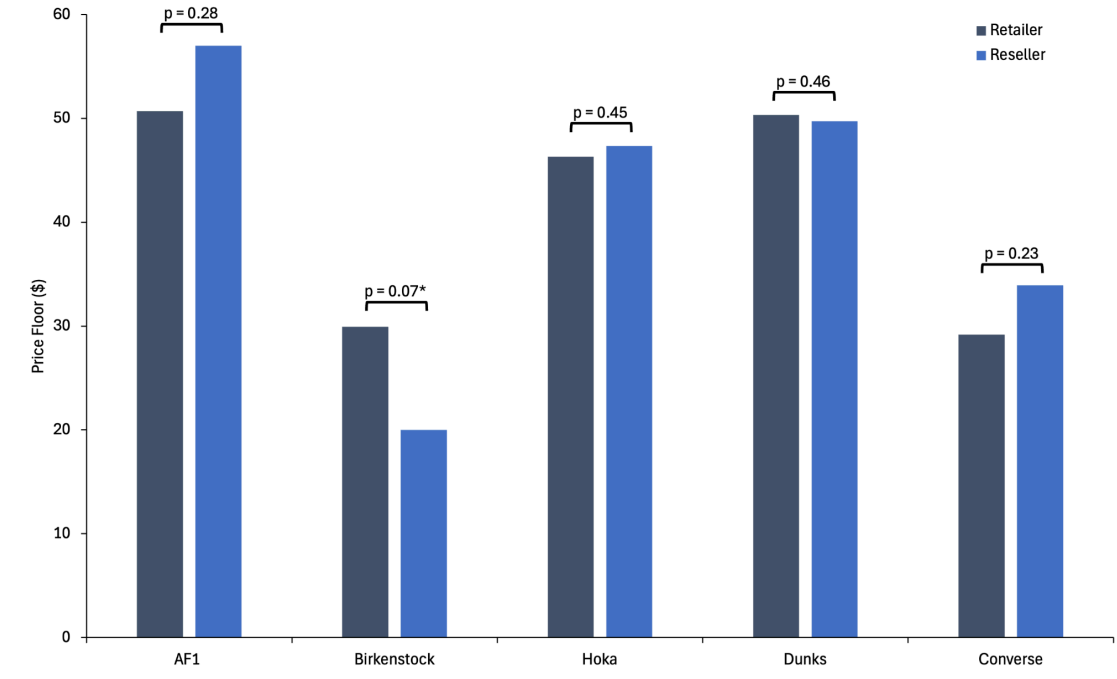
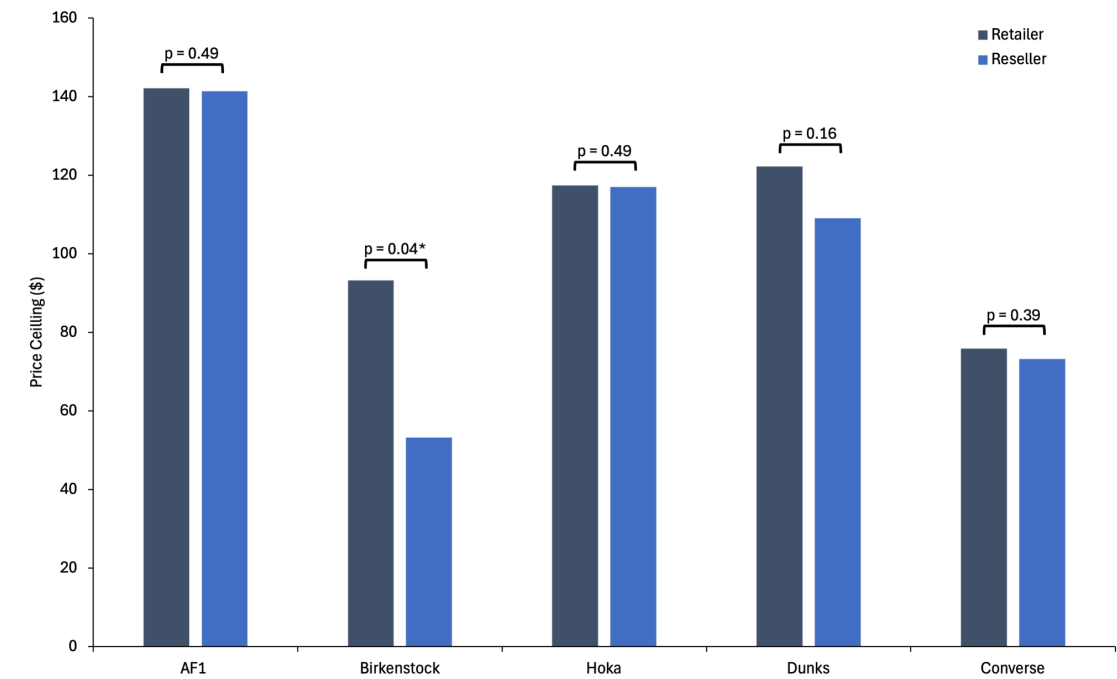


Figure C-2: Low Product Liking Consumers

Panel (a). Price Floor



Panel (b). Price Ceiling



Panel (c). Price Bargain

