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Corporate Pricing Strategies and Consumer Welfare: Analyzing Ethical, Economic, and Regulatory Implications

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ABSTRACT

Corporate pricing strategies significantly impact consumer welfare because they influence purchasing power, market fairness, and economic accessibility. The rise of algorithm-driven pricing, surge pricing, and planned obsolescence has intensified concerns about ethical business practices and regulatory oversight. Because companies leverage consumer data and artificial intelligence to optimize profits, consumers often experience hidden price discrimination, manipulated urgency tactics, and non-transparent pricing structures. This study examines the economic and social consequences of these strategies, emphasizing their effects on purchasing decisions, financial burdens, and regulatory challenges. Because of the limited effectiveness of existing policies, the study highlights the urgent need for stronger consumer protection laws and corporate accountability. The findings contribute to the ongoing discourse on ethical pricing models and the balance between corporate profitability and consumer rights. This study provides recommendations for policy improvements and sustainable business practices to ensure a fair marketplace.

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1. INTRODUCTION

Corporate pricing strategies have undergone a significant transformation in recent years, fueled by advancements in artificial intelligence, big data, and digital commerce (Plekhanov *et al*., 2023; Fatima & Ali, 2022; Tavoletti *et al*., 2022). While these strategies allow businesses to maximize profits and optimize market efficiency, they also introduce ethical concerns regarding consumer exploitation, transparency, and fairness (Grewal & Roggeveen, 2020; Joel & Oguanobi, 2024; Handoyo *et al*., 2023). Companies now employ personalized pricing, dynamic pricing, planned obsolescence, and psychological pricing techniques that significantly impact consumer decision-making and financial well-being (Evans *et al*., 2022a). The increasing dependence on data-driven pricing models has enabled corporations to adjust prices based on individual purchasing behavior, location, urgency, and even device specifications. This creates an environment where two consumers buying the same product may end up paying different prices based on algorithmic calculations rather than traditional supply and demand factors (Smith *et al*., 2023).

One of the most controversial pricing strategies is surge pricing, commonly used by ride-hailing services, airline companies, and ticketing platforms (Cui *et al*., 2022; Yang & Xia, 2021). Businesses justify this approach as a means to balance supply and demand, yet studies have shown that these algorithms often exploit consumer urgency. For example, users with lower phone battery levels on ride-hailing apps have been found to experience higher fare rates, as they are perceived to be more likely to accept the price without waiting or seeking alternatives (Johnson & Patel, 2021). Similarly, airline booking platforms and hotel reservation websites frequently adjust prices based on a user's browsing history, showing higher rates when a consumer repeatedly checks the same flight or accommodation (Gillespie, 2020). This type of algorithmic price discrimination raises ethical concerns regarding fairness and transparency, particularly when consumers are unaware that they are being subjected to different pricing structures.

Another widespread tactic used by corporations is planned obsolescence, where companies deliberately design products with limited lifespans to encourage frequent replacements (Park & Li, 2021a). The consumer electronics industry has been a prime example of this practice, with major manufacturers such as Apple and Samsung facing criticism for shortening the usability of their devices. Apple's decision to slow down older iPhones through software updates sparked global controversy, as consumers were forced to upgrade their devices sooner than expected (Park & Li, 2021b). The increasing prevalence of non-replaceable batteries, proprietary repair components, and software-based feature restrictions further exacerbate the issue, making it difficult for consumers to repair and extend the life of their products. As a result, planned obsolescence not only leads to higher financial burdens for consumers but also contributes to the growing crisis of electronic waste (e-waste). The Global E-Waste Monitor reported that over 57 million metric tons of electronic waste were generated in 2021, with projections indicating a rapid increase in the coming years.

Beyond digital pricing and product life cycles, deceptive marketing strategies have also become a concern in consumer markets. The concept of shrinkflation, where companies reduce product sizes while maintaining the same price, has been widely criticized for misleading consumers (Johnson & Patel, 2021). In the food and beverage industry, brands such as Nestlé and Coca-Cola have been found to decrease packaging sizes while subtly increasing the per-unit cost of their products (Evans *et al*., 2022b). This practice is particularly concerning in economic downturns, as it reduces consumer purchasing power without explicit

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price hikes. Similarly, companies frequently engage in greenwashing, where they exaggerate or falsely claim environmental sustainability benefits to attract eco-conscious consumers (Grewal & Roggeveen, 2020). Brands that market their products as "biodegradable" or "carbon neutral" without substantial evidence contribute to consumer distrust and undermine genuine sustainability efforts (Gillespie, 2020).

The economic and market implications of these pricing strategies are profound. While businesses argue that dynamic and personalized pricing models enhance market responsiveness, they also create artificial scarcity, restrict competition, and limit consumer autonomy (Smith *et al*., 2023). The monopolistic control exerted by large corporations in digital commerce allows them to dictate market trends and pricing structures with little oversight. Subscription-based pricing models, for instance, have become prevalent in software, entertainment, and even automotive industries, leading to an increase in hidden costs for consumers (Park & Li, 2021a). Tesla's introduction of software-locked vehicle features, which require additional payments to unlock functionalities already present in the car, exemplifies how companies are leveraging digital tools to monetize basic product capabilities. This shift in business models raises concerns about long-term consumer dependency on corporate ecosystems, where ownership rights are increasingly being replaced by service-based access.

Despite growing awareness of unethical pricing tactics, regulatory efforts remain inconsistent across different regions. The European Union has taken proactive steps in consumer protection by implementing policies such as the Right to Repair law, which mandates manufacturers to provide access to repair manuals and spare parts for extended product lifespans. However, many corporations continue to resist compliance through software restrictions and proprietary repair systems (Gillespie, 2020). In contrast, regulatory frameworks in the United States remain fragmented, with limited intervention in algorithmic pricing practices. The Federal Trade Commission has attempted to address misleading advertising and unfair competition, but corporate lobbying efforts often weaken consumer protection policies (Smith *et al*., 2023). In developing economies, the lack of strong enforcement mechanisms further exacerbates the issue, allowing multinational corporations to exploit legal loopholes (Park & Li, 2021b).

Consumer awareness and advocacy play a crucial role in addressing the challenges posed by these pricing strategies. However, a significant portion of consumers remains unaware of the mechanisms behind algorithmic pricing, planned obsolescence, and deceptive marketing (Evans *et al*., 2022a). Transparency initiatives, such as mandatory price disclosures and algorithmic accountability, are necessary to ensure that consumers are adequately informed about the pricing structures they are subjected to (Johnson & Patel, 2021). Governments, businesses, and consumer rights organizations must collaborate to establish ethical guidelines that balance corporate profitability with consumer fairness (Grewal & Roggeveen, 2020). Without stronger regulatory oversight and increased public awareness, unethical pricing practices will continue to thrive, widening economic inequalities and eroding trust in the marketplace.

This study aims to examine the impact of corporate pricing strategies on consumer behavior, economic fairness, and regulatory challenges. By exploring the ethical implications of algorithmic pricing, product lifespan manipulation, and deceptive marketing tactics, this research highlights the need for stronger consumer protection policies (Smith *et al*., 2023). The novelty of this study lies in its interdisciplinary approach, integrating economic, ethical, and technological perspectives to provide a comprehensive understanding of contemporary pricing trends. Unlike previous studies that focus solely on corporate profitability, this research prioritizes the consumer experience, identifying key vulnerabilities and proposing actionable recommendations. The findings will contribute to ongoing discussions on corporate responsibility, market transparency, and sustainable consumer practices (Gillespie, 2020).

2. METHODS

This study employs a mixed-method approach, integrating both quantitative and qualitative research methods to analyze corporate pricing strategies, their impact on consumer behavior, and the regulatory challenges associated with these practices. The research design consists of survey-based data collection, focus group discussions, and content analysis of existing policies and case studies. This approach allows for a comprehensive understanding of consumer perceptions, corporate strategies, and the effectiveness of regulatory interventions.

The quantitative component involves a survey of 250 consumers across different demographic backgrounds. Participants were selected using a random sampling technique to ensure diversity in age, gender, income levels, and purchasing habits. The survey includes closed-ended and Likert-scale questions designed to measure consumer awareness, trust, and attitudes toward pricing strategies such as surge pricing, personalized pricing, planned obsolescence, and shrinkflation. The responses provide statistical insights into the extent to which consumers experience and respond to these corporate practices. The collected data is analyzed using descriptive statistics, correlation analysis, and regression modeling to identify key trends and associations.

In addition to survey data, qualitative insights were gathered through focus group discussions (FGDs) involving 30 participants. These discussions provide deeper insights into consumer experiences, frustrations, and coping mechanisms in response to price manipulation and deceptive marketing strategies. The FGDs explore how consumers perceive and respond to planned obsolescence, misleading sustainability claims, and dynamic pricing models, offering rich narrative data that complements the statistical findings. Discussions were audio-recorded, transcribed, and thematically analyzed to identify recurring themes and concerns related to consumer trust and market fairness.

To assess the role of regulatory frameworks, a content analysis was conducted on consumer protection policies, legal cases, and corporate pricing strategies from different regions. Documents from government agencies, international organizations (e.g., European Commission, Federal Trade Commission), and consumer rights groups were reviewed to evaluate the effectiveness of existing policies in addressing pricing transparency, deceptive marketing, and planned obsolescence. This analysis helps identify gaps in enforcement, regional disparities in consumer protection, and best practices from countries with stronger regulatory frameworks.

Ethical considerations were prioritized throughout the research process. Informed consent was obtained from all survey and focus group participants, ensuring that they were fully aware of the research objectives, procedures, and their right to withdraw at any time. The anonymity and confidentiality of participants were maintained, and all data were stored securely to prevent unauthorized access. The study also adhered to ethical guidelines in policy analysis, ensuring that corporate practices were evaluated based on publicly available data and regulatory documents without misrepresentation.

By integrating quantitative surveys, qualitative focus group discussions, and policy analysis, this study provides a comprehensive understanding of the impact of corporate pricing

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strategies on consumers and the market. The findings offer data-driven insights into consumer attitudes, highlight real-world experiences with pricing manipulation, and assess the adequacy of existing regulations. The study contributes to ongoing discussions on corporate ethics, consumer rights, and sustainable market practices, offering evidence-based recommendations for policymakers and industry stakeholders.

3. RESULTS AND DISCUSSION

This section presents and analyzes the findings derived from consumer surveys, focus group discussions, and policy document reviews. The results highlight the impact of corporate pricing strategies, deceptive marketing, and regulatory shortcomings on consumer behavior and market fairness.

3.1. Consumer Perceptions of Pricing Strategies

The survey data revealed significant consumer dissatisfaction with various corporate pricing tactics. As shown in **Table 1**, 67% of respondents reported experiencing unexpected price fluctuations, particularly with surge pricing and personalized pricing models used by ride-hailing services, airlines, and e-commerce platforms. Additionally, 72% of respondents expressed concerns about planned obsolescence, stating that manufacturers intentionally reduce product durability to drive frequent replacements.

Table 1. Consumer responses to corporate pricing strategies.

Pricing Issue	Percentage of Respondents (%)
Experienced unfair price fluctuations	67
Concerned about planned obsolescence	72
Found sustainability claims misleading	63
Prefer stronger consumer protection	58

The focus group discussions further revealed that many consumers feel powerless against algorithm-driven pricing strategies, which often charge different prices based on browsing history, device type, or location (Grewal & Roggeveen, 2020). Participants cited airline ticket pricing, hotel bookings, and online shopping as key areas where they noticed price discrimination. One participant stated: *"I checked the price of a flight on my phone, then checked again on my laptop, and the price had increased. It feels like companies are using my data against me"*.

These findings are consistent with previous studies indicating that AI-driven pricing models can manipulate consumer urgency and willingness to pay, leading to increased spending without consumers realizing they are being targeted (Smith *et al*., 2023).

3.2. The Role of Deceptive Marketing and Greenwashing

Another significant issue uncovered by the study is the use of misleading sustainability claims, or greenwashing, to attract environmentally conscious consumers. 63% of survey respondents reported skepticism toward corporate sustainability efforts, stating that many companies use vague or unverified claims to appear environmentally responsible. This aligns with previous research on how corporations exploit sustainability trends for marketing purposes while making minimal actual environmental improvements (Johnson & Patel, 2021).

One focus group participant shared an experience with a well-known beverage brand that claims its plastic bottles are "100% recyclable": *"They advertise their products as eco-friendly,*

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but in reality, most plastic bottles end up in landfills. It's misleading because they make it seem like they're solving the problem when they're actually one of the biggest contributors to plastic waste".

Examples of recent greenwashing scandals include H&M's "Conscious Collection", which was criticized for failing to substantiate its sustainability claims (Evans *et al*., 2022a), and Nestlé's misleading plastic recycling claims, despite its continued contribution to ocean pollution (Gillespie, 2020).

3.3. Regulatory Gaps and Consumer Protection Challenges

Despite the presence of consumer protection laws in many regions, regulatory enforcement remains inconsistent. **Table 2** presents consumer perceptions regarding regulatory effectiveness. Survey results indicate that 64% of consumers feel that existing consumer protection laws are insufficient to regulate digital commerce and algorithmic pricing. 51% believe corporations wield too much power over market prices, while 68% advocate for stronger global trade regulations to ensure fairness in pricing and sustainability claims.

A review of existing regulations, such as the European Union's Right to Repair law and the U.S. Federal Trade Commission's (FTC) policies on misleading advertising, shows that while these laws exist, enforcement is a major challenge. Many corporations find loopholes to circumvent regulations, particularly by using software-based restrictions to limit product lifespan (Park & Li, 2021a).

Table 2. Consumer views on consumer protection regulations.

Consumer Concern	Percentage of Respondents (%)
Feel current laws are inadequate	64
Believe corporations have excessive control	51
Support global trade regulations for fair pricing	68

3.4. The Need for Greater Transparency and Consumer Awareness

The study findings emphasize that consumer education and corporate accountability are crucial in addressing unethical pricing practices. Several potential solutions emerged from the research:

(i) Stronger regulations on AI-driven pricing – Governments need to establish clearer guidelines on algorithmic transparency and price discrimination to prevent unfair market practices.

(ii) Mandatory third-party sustainability verification – Independent audits should be required for any company making environmental claims to prevent greenwashing.

(iii) Right to Repair enforcement – Laws should mandate manufacturers to make repair manuals, spare parts, and software updates available to consumers to extend product lifespans (Park & Li, 2021b).

(iv) Consumer education initiatives – Organizations should raise awareness about pricing manipulation tactics, deceptive marketing, and sustainability fraud, equipping consumers with tools to make informed decisions (Evans *et al*., 2022a).

Overall, the findings suggest that corporate pricing strategies and marketing practices need greater oversight, particularly in the digital economy. Without stronger regulations and consumer advocacy, businesses will continue to exploit market vulnerabilities, increasing financial burdens on consumers while reducing market transparency and trust.

4. CONCLUSION

This study highlights the impact of corporate pricing strategies, planned obsolescence, and misleading marketing practices on consumer behavior and market fairness. The findings reveal that many businesses leverage technology and data analytics to manipulate prices, limit product longevity, and create artificial urgency to drive sales. These practices often disadvantage consumers, leading to financial strain, reduced trust, and limited choices in digital and physical marketplaces.

Additionally, planned obsolescence has contributed to growing environmental concerns, particularly with electronic waste, as consumers are forced to replace products more frequently. Despite existing regulations, corporate resistance and legal loopholes continue to hinder effective enforcement. Transparency in pricing, fair competition, and sustainable production remain significant challenges in modern commerce.

To create a more ethical marketplace, there is a need for stronger consumer protection policies, stricter regulatory enforcement, and increased public awareness. Businesses must balance profitability with responsibility, ensuring fair and sustainable practices. Future research should explore innovative regulatory measures and consumer-driven initiatives that can promote transparency and accountability in corporate strategies. By fostering ethical business models, a more equitable and sustainable market environment can be achieved.

5. AUTHORS' NOTE

The authors declare that there is no conflict of interest regarding the publication of this article. Authors confirmed that the paper was free of plagiarism.

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