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**CT-2023-003**

OTTAWA, ONT.

# 36

**THE COMPETITION TRIBUNAL**

**IN THE MATTER OF** the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

**AND IN THE MATTER OF** an application by the Commissioner of Competition for an order pursuant to section 74.1 of the *Competition Act* and subsection 74.01(1.1) of the *Competition Act*;

**BETWEEN:**

**COMMISSIONER OF COMPETITION**

**Applicant**

– and –

**CINEPLEX INC.**

**Respondent**

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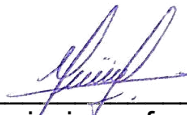
**AFFIDAVIT OF DR. VICKI MORWITZ  
(AFFIRMED JANUARY 5, 2024)**

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1. My name is Vicki Morwitz. I am the Bruce Greenwald Professor of Business and Professor of Marketing at Columbia Business School at Columbia University. I joined Columbia University in July 2019. Prior to that I was the Harvey Golub Professor of Business Leadership and Professor of Marketing at the Stern School of Business, New York University.
2. I have been asked by the Commissioner of Competition to provide my opinion and analysis relating to the Commissioner's Notice of Application against Cineplex Inc.

- 3. I attached as Exhibit "A" to this affidavit my report setting out my opinion.
- 4. I attached as Exhibit "B" to this affidavit my Acknowledgement of Expert Witness.

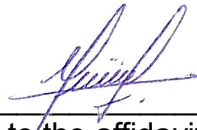
Affirmed remotely by Vicki Morwitz )  
 stated as being located in the City of )  
 Delray Beach in the State of Florida, before )  
 me at the City Of Ottawa in the Province of )  
 Ontario on January 5, 2024 in accordance )  
 with O. Reg. 431/20, Administering Oath )  
 or Declaration Remotely )



\_\_\_\_\_  
 Commissioner for Taking Affidavits )

Miriam Varela Lizardi, a Commissioner, etc., Province  
 of Ontario, for the Government of Canada,  
 Department of Justice. Expires March 6, 2026.  
 Miriam Varela Lizardi, commissaire, etc., province  
 de l'Ontario, au service du gouvernement du  
 Canada, ministère de la Justice.  
 Date d'expiration : le 6 mars 2026.

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This is Exhibit "A" to the affidavit of Vicki Morwitz,  
affirmed remotely and stated as being located  
in the city of Delray Beach in the State of Florida,  
before me in the city of Ottawa in the province of Ontario,  
on January 5, 2024, in accordance with  
O. Reg 431/20, Administering Oath or Declaration Remotely.

**Miriam Varela Lizardi, a Commissioner, etc., Province  
of Ontario, for the Government of Canada,  
Department of Justice. Expires March 6, 2026.**  
**Miriam Varela Lizardi, commissaire, etc., province  
de l'Ontario, au service du gouvernement du  
Canada, ministère de la Justice.**  
**Date d'expiration : le 6 mars 2026.**

CT-2023-003

**THE COMPETITION TRIBUNAL**

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**AND IN THE MATTER OF** an application by the Commissioner of Competition for an order under sections 74.1 and 74.1 of the *Competition Act*;

**BETWEEN:**

**COMMISSIONER OF COMPETITION**

**Applicant**

**– and –**

**CINEPLEX INC.**

**Respondent**

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**EXPERT REPORT OF DR. VICKI MORWITZ  
JANUARY 5, 2024**

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1. **Background**

1. I am the Bruce Greenwald Professor of Business and Professor of Marketing at Columbia Business School at Columbia University. I joined Columbia University in July 2019. Prior to that I was the Harvey Golub Professor of Business Leadership and Professor of Marketing at the Stern School of Business, New York University.
2. I received a B.S. in computer science and applied mathematics in 1983 from Rutgers University, an M.S. in operations research in 1986 from Polytechnic University (now the Tandon School of Engineering at New York University), and an M.A. in statistics and a Ph.D. in marketing in 1991 from the Wharton School at the University of Pennsylvania. I served on the faculty of the Stern School of Business at New York University from 1991 through 2019, last as a chaired Full Professor, which is the highest academic position at Stern. Beginning in the 2019-2020 academic year, I joined Columbia University as a chaired Full Professor which is also the highest academic position there. I have also earlier held visiting positions at the University of California at Berkeley, Columbia University, the University of Pennsylvania, and Yale University. At the Stern School, I taught undergraduate, MBA, executive MBA, and doctoral courses on such topics as marketing management, marketing research, and judgment and decision-making. Since I joined Columbia University, I have taught Behavioral Economics and Decision Making to MBA and executive MBA students and a course on Mastering Customer Insights to executives.
3. My research has appeared in many scholarly journals, including the *Harvard Business Review*, *International Journal of Forecasting*, *International Journal of Research in Marketing*, *Journal of the Academy of Marketing Science*, *Journal of the Association for Consumer Research*, *Journal of Behavioral Decision Making*, *Journal of Consumer Psychology*, *Journal of Consumer Research*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Retailing*, *Management Science*, *Marketing Letters*,

*Marketing Science*, and *Organizational Behavior and Human Decision Making*. My research has been discussed many times in the news and popular press, including in *Bloomberg Businessweek*, *Consumer Reports*, *New York Daily News*, the *New York Times*, *Time Magazine*, the *Wall Street Journal*, and the *Washington Times*. I have been invited to speak about my research at many universities throughout the world. In May 2012, I was an invited speaker at a conference on Drip Pricing held at the Federal Trade Commission in Washington, D.C. In March 2023, I was an invited speaker at a White House Conference on the Economic Case for the President's Initiative on Junk Fees, sponsored by the U.S. National Economic Council. In June 2023, I was invited to testify in a U.S. Senate Commerce subcommittee hearing on Protecting Consumers from Junk Fees.

4. In 2011, I served as the President of the Society for Consumer Psychology, and I served on its executive board from 2010-2013. From 2014 to 2018, I served as the Co-Editor of the *Journal of Consumer Research*, the leading consumer behavior journal in my field. Since 2021 I have served as the Editor-in-Chief of the *Journal of the Association for Consumer Research*. I also currently serve as an Associate Editor for another of my field's other leading scholarly journals—the *Journal of Consumer Psychology* and in the past I served as an Associate Editor for the *Journal of Marketing Research*. I have also served as a Guest Editor for the *Journal of Marketing Research* and a Guest Associate Editor for the *Journal of Consumer Research* and *Marketing Science*. I am also currently on the editorial review boards of the *Journal of Consumer Research* and the *Journal of Marketing*, and I earlier served on the editorial review boards of the *Journal of Interactive Marketing*, *Journal of Marketing Research*, the *Journal of Retailing*, and *Marketing Letters*.
5. I have received several prestigious academic awards. I was named a Fellow of the Society for Consumer Psychology, which is the highest honor



this professional organization awards, and which is awarded to honor outstanding contributions to the field of consumer psychology. I was also just named an Academic Fellow of the Marketing Science Institute, an honor they bestow to distinguished marketing scholars. I was also awarded the Best Overall Conference Presentation at the 2008 AMA Advanced Research Techniques Forum, Honorable Mention for the 2005 Marketing Science Institute/H. Paul Root Award for the *Journal of Marketing* article published in 2005 that made the greatest contribution to the advancement of the practice of marketing, and the Outstanding Paper Award for 2000-2001 for the *International Journal of Forecasting*. I won the 1994 Marketing Science Institute Competition on Pricing and Strategy, and the 1991 Marketing Science Institute Alden G. Clayton Doctoral Dissertation Proposal Competition. I was a finalist for the 1997 O'Dell Award for the best article in *Journal of Marketing Research*, judged after 5 years and was also a finalist for the 1994 Ferber award, for the best article based on a dissertation published in the *Journal of Consumer Research* that year. I also won a best reviewer award from the *Journal of Consumer Psychology* in 2021, the *Journal of Consumer Research* in 2020 and 2014, and from the *Journal of Interactive Marketing* in 2003.

6. I co-chaired two of my field's leading academic conferences: the 2006 Association for Consumer Research Conference, and in 2012, the Society for Consumer Psychology's first international conference. I also co-chaired the 2015 Society for Consumer Psychology doctoral colloquium. I have received significant external grants for my research from the National Institutes of Health and the Marketing Society Institute, as well as several prestigious internal grants awarded by centers at the Stern School of Business at NYU and at the Columbia Business School and Columbia University.
7. My curriculum vitae is in Appendix A, which lists all my publications in the past ten years and beyond. In the last four years, I provided expert

testimony in four U.S. cases – *Federal Trade Commission v. Fleetcor Technologies, Inc.*, Civil Action No. 1:19-cv-5727-AT, in the United States District Court for the Northern District of Georgia, Atlanta Division, of New Jersey; *The Ruth V. Bennett Revocable Trust by its Sole Trustee, Jonathan D. Bennett and on Behalf of all Others Similarly Situated Persons and Parties v. Millennium Health Care Centers II, LLC, d/b/a Care One at Cresskill, and d/b/a Care One at Valley, et al.*, Civil Action No. CAM-L-2505-17, in the Superior Court of New Jersey Law Division – Civil Park of Camden County; and *People of the State of California, acting by and through Santa Clara Counsel James R. Williams v. Intuit Inc., and DOES 1-50, Inclusive* in the Superior Court of California, County of Santa Clara, No. 19CV354178.

2. **Methodology**

8. In order to prepare this report, I examined information about Cineplex Inc.'s ("Cineplex") pricing strategies and in particular focused on their decision to separately present information about their online booking fee from their advertised ticket prices. Based on my review of Cineplex's website and its mobile application ("app") and on information from published studies in the academic literature, I drew conclusions about the likely impact of how Cineplex presents price information. More specifically, I drew conclusions regarding how this presentation affects consumers' perceptions of how expensive a ticket purchased from Cineplex online would be, and on their decisions of whether to purchase a ticket from Cineplex using the website or app, rather than defer the purchase or pursue other entertainment options.
9. I was asked to answer the following questions:
- (1) How does the manner of presenting pricing information by merchants impact consumers? In particular, how does "drip pricing" (or similar pricing practices) affect consumers in terms of (1) their

perception of the price to be paid for a given product and (2) their behaviour?

- (2) What impacts could Cineplex's representations with respect to the sale of movie tickets on its website and in the app be expected to have on consumers':
- (a) perception of the price to be paid for movie tickets; and
  - (b) behavior, including purchase decisions?

10. My letter of instructions is included as Appendix B.
11. I approached my evaluation to answer these questions in the same manner as I do when I conduct my own academic research. In particular, when I conduct my research, I first review information about the phenomenon under investigation. I then review published literature on that specific topic and review related literature that can help inform me on how consumers would react in the situation under examination. Appendix D contains a list of academic papers I relied on in my analysis and that I reference throughout this report.
12. Below, I first summarize my main conclusions. Then, for each of these conclusions, I review the relevant academic literature, and elaborate in more detail how I drew my conclusions, based on Cineplex's website (Cineplex.com) and app and the academic literature.
13. I reserve the right to revise this report in the event that I receive any additional information pertinent to this case.

3. **Summary of Conclusions**

14. Cineplex uses partitioned and drip pricing when it charges customers an additional online booking fee to purchase tickets on its website and app, and that additional online booking fee is a shrouded attribute, as these three terms are defined in the academic literature:

- **Partitioned Pricing:** When firms divide a price into a base price and one or more additional surcharges rather than charging a single, all-inclusive price.
  - **Drip Pricing:** When firms present a base price first in the buying process, and subsequently reveal additional surcharges or fees.
  - **Shrouded Attribute:** When firms make it difficult to find or process, or obfuscate product-related information from its customers.
15. Cineplex's decision to charge, on top of the advertised ticket price, an additional separate \$1.50 online booking fee, or \$1.00 for Scene+ members (Cineplex's reward program) on its website and app likely lowered consumers' perceptions of the total cost of purchasing tickets from Cineplex, which in turn increases the likelihood that they purchased tickets online from Cineplex versus exercising alternative options available to them. In general, consumers tend not to fully process fees when they are divided spatially or temporally from the base price of a product.
16. The manner in which prices are displayed to consumers is important and includes the following key considerations:
- Consumers who search on the Cineplex website or app see the ticket prices for the first time once they reach the "Tickets" page, before they select the tickets they want to purchase. These prices exclude the additional online booking fee. Consumers (all except CineClub members who instead pay a membership fee), only see information about the total costs, including additional online booking fees, after they have selected at least one ticket.
  - Although Cineplex discloses a subtotal that includes the ticket prices and the additional online booking fees after a consumer selects the

number and type (i.e., age group) of tickets they want to purchase, consumers anchor on and are more influenced by numeric information they encounter first and/or that is visually salient, and fail to adequately adjust for information they see later in a search process and/or that is less salient.

- Despite the fact that information about the additional online booking fee is shown at the bottom of the Tickets page, in many cases it requires scrolling to the bottom to see it, so if it is seen at all, it is likely observed later and is less visually salient than the advertised ticket prices.
- The cost of the additional online booking fee is also set to \$0.00 (at the bottom of the page, which may not be seen without scrolling) until a ticket is added to the order. Thus, consumers do not see information (if they see it at all) about the additional online booking fee until after they have selected a ticket.
- If consumers purchase more than one ticket, unless they access additional information displayed after clicking on an information button, they would not see information about the amount associated with the additional online booking fee on a per ticket basis, as they are only shown a total charge for the sum of all additional online booking fees at the bottom of the page.
- Although consumers ultimately are provided information that the total price for the tickets will be higher than the initially advertised ticket price and are shown the total amount charged for additional online booking fees, because of the way this information is presented consumers are unlikely to fully account for the entire magnitude of these additional charges.

17. Even if consumers notice the information at the bottom of the Tickets page about additional online booking fees and realize that the ticket price is more expensive than was initially advertised, once the additional online booking fees are included in the subtotal, consumers are still likely to purchase the tickets online. In other words, once they start an online search on Cineplex's website or app with the intention of buying a ticket, consumers are likely to purchase from Cineplex online versus exploring alternative options available to them.
18. The presence of the countdown clock at the bottom of the Tickets page puts consumers under time pressure. Time pressure leads consumers to less carefully review all information, increases the use of decision heuristics, increases anchoring and primacy effects, and therefore would exacerbate the points outlined above.

#### 4. **Analyses and Conclusions**

##### ***4.1 Question No. 1: How does the manner of presenting pricing information by merchants impact consumers? In particular, how does "drip pricing" (or similar pricing practices) affect consumers in terms of 1) their perception of the price to be paid for a given product, and 2) their behaviour?***

19. I answer this question in three parts.
20. In the first part, I set out the basic principles and concepts of behavioral economics which are required to understand the impact of Cineplex's conduct. I describe that unlike traditional economic models, which assume consumers make all decisions to maximize their utility, behavioral economics posits that consumers decision making is affected by how information is framed or depicted. I describe two decision making heuristics, anchoring and confirmation, that can lead consumers to make suboptimal decisions.

21. In the second part, I describe the relevant research that has more specifically examined the psychological factors that influence how consumers process price information, beyond the basic economics of price. This literature is commonly referred to as Behavioral Pricing and I cover: (1) partitioned pricing, (2) drip pricing, and (3) shrouded attributes.
22. In the third part, I describe the relevant research, also necessary for understanding the impact of Cineplex's pricing practices, related to information salience, change blindness, and time pressure.

#### **4.1.1 Behavioral Economics is required to understand the impact of Cineplex's conduct**

##### ***4.1.1.1 Descriptive models of decision making (behavioral economics) are required to understand how consumers actually react to price representations.***

23. Standard theories in economics assume that consumers are rational and always make their purchase decisions in ways that maximize their utility, in other words, based on what is best for them. These models also generally assume that consumers always notice and properly use available information in the marketplace. Finally, they assume that consumers act consistently regardless of how information is presented, known as descriptive invariance. These economic models are normative models; in other words, they are models of how consumers should optimally behave. Even though some people believe that these models depict how people really act, they were not made for this purpose.
24. A large and growing body of research more descriptively examines how people actually form judgments and make decisions. This newer field goes by a variety of labels including "judgment and decision-making," and "behavioral decision theory," but for purposes of this report, I will refer to it as "behavioral economics." Behavioral economics research has grown in

popularity, acceptance, and influence in many disciplines. In recognition of the importance of this work, the early pioneers in this field, Daniel Kahneman (for his joint work with Amos Tversky) and Richard Thaler have received Nobel prizes in economics for their research in this area.

25. Behavioral economics shows, in contrast to the assumptions of traditional economic models, that consumers are not fully rational and are prone to biases in their decision making. This literature also shows that the assumption of descriptive invariance is routinely violated. Much work has shown that the manner in which prices are presented or framed influences how consumers perceive and react to those prices.
26. For example, businesses often set their prices based on expected demand. Suppose a fancy restaurant offers a fixed price menu. The restaurant might charge \$75 for dinner on a slow night like Monday but \$100 on a busy night like Saturday. Imagine a newspaper writes about this price difference. Traditional economic models would say it does not matter if the Monday price is presented as \$25 cheaper than Saturday (i.e., a slow night discount) or if the Saturday price is described as \$25 more than Monday (i.e., a busy night surcharge). Behavioral economics shows that consumers respond better to price differences framed as discounts than as surcharges, even if the price difference is the same.
27. More generally, consumers feel differently if a firm charges a higher base price and offers a discount versus charging a lower base price and adding a fee, even if the resulting price is the same. It is for this reason that credit card companies in the U.S. lobbied so that if different prices were allowed for cash and credit card payments, the cash price should be labeled a discount off the regular price.<sup>1</sup> In other words, credit card companies wanted consumers to see the credit card price as the normal or reference

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<sup>1</sup> Thaler, Richard H. (2015), *Misbehaving, the Marketing of Behavioral Economics*, Norton & Company, p 18.



price, and the cash price as a discount price. They understood that consumers would not like it if they thought they had to pay an additional surcharge to pay with a credit card. In the current case, this research demonstrates that the way in which a ticket price is framed or displayed, such as whether it is framed as an all-inclusive price, or as a base price plus additional fees, affects how consumers react.

28. In general, the behavioral economics literature endorses a concreteness principle. As stated by Slovic, a “decision maker tends to use only the information that is explicitly displayed in the stimulus object and will use it only in the form in which it is displayed. Information that has to be stored in memory, inferred from the explicit display, or transformed tends to be discounted or ignored.”<sup>2</sup> Kahnemann refers to this as WYSIATI – what you see is all there is.<sup>3</sup> Because consumers tend to take information as presented and do not naturally tend to transform it, descriptive invariance is routinely violated. Thus, the way in which any relevant information, including a price, is framed or described matters and can influence consumer decision making.
29. In the current case, this research indicates that consumers would not automatically on their own transform the advertised price for a ticket plus an additional online booking fee into the equivalent all-inclusive price, rather, assuming they noticed the additional fee, they would think of the price as a base price plus an additional fee. For reasons described later in this report, this would tend to make them think of the price as less expensive than it actually is, and would make them more likely to buy a ticket.

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<sup>2</sup> Slovic, Paul (1972) “From Shakespeare to Simon: Speculation—and Some Evidence about Man’s Ability to Process Information,” Oregon Research Institute Bulletin, 12 (2).

<sup>3</sup>Kahneman, Daniel (2013), *Thinking, Fast and Slow*, New York: Farrar, Straus, and Giroux, pp. 85-88.

**4.1.1.2 Prospect Theory posits that people evaluate options relative to specific reference points, leading to different reactions based on how prices are framed**

30. The ideas described above come from Prospect Theory, a theory Kahneman and Tversky introduced in 1979. Unlike traditional economic models which assume consumers evaluate options based on their net worth, Prospect Theory is a descriptive alternative that better captures how people actually make decisions.<sup>4</sup> The following behavioral economics concepts, that follow from Prospect Theory, have implications for why price displays influence customers: (1) framing effects, (2) loss aversion, (3) endowment effect, (4) status quo bias.
31. *Framing effects.* First, consumers notice and care about obvious information, and they compare information to information that serves as a reference point.<sup>5</sup> The reference point may be something implicit in how information is stated (e.g., when a price is stated as 20 percent off the listed price, that listed price becomes a reference point), or information that is salient perhaps because it was noticed first or because it was presented in a way that made it stand out from the rest. For example, in their famous disease problem, Tversky and Kahneman asked two different randomly assigned groups of participants to imagine that the U.S. is preparing for the outbreak of an unusual disease, which is expected to kill 600 people. They are then told that two different programs to combat the disease have been proposed.<sup>6</sup>
32. One group of participants was told “If Program A is adopted, 200 people will be saved. If Program B is adopted, there is 1/3 probability that 600 people

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<sup>4</sup> Kahneman, Daniel and Amos Tversky (1979), “Prospect Theory: An Analysis of Decision under Risk,” *Econometrica*, 47 (March), 263-291.

<sup>5</sup> Kahneman, Daniel and Amos Tversky (1979), “Prospect Theory: An Analysis of Decision under Risk,” *Econometrica*, 47 (March), 263-291.

<sup>6</sup> Tversky, Amos, and Daniel Kahneman (1981), “The Framing of Decisions and the Psychology of Choice,” *Science*, 211 (4481), 453-458.

will be saved, and  $2/3$  probability that no people will be saved.” They were then asked to choose between the two programs, and 72% chose Program A.

33. The other group of participants was told “If Program C is adopted 400 people will die. If Program D is adopted there is  $1/3$  probability that nobody will die, and  $2/3$  probability that 600 people will die.” They were then asked to choose between these two programs. In this case, only 22 percent chose Program C even though it is identical to Program A, since if 400 of the 600 people die, that means that 200 people were saved. Programs B and D are also numerically equivalent.
34. Tversky and Kahneman described this dramatic change in the preferences due to this framing as a preference reversal. For the first group of participants, the implicit reference point was that none of the 600 people would survive, and the two options A and B were framed as gains relative to this reference point. In contrast, for the second group of participants, the implicit reference point was that all 600 people survived, and the two options C and D were framed as losses relative to this reference point.
35. In general, even if the numbers are the same, changing how you present them changes how people see and understand them. Again, in the current case, this research suggests that whether the same total price is framed as one all-inclusive number or as a ticket price plus a fee can affect how it is evaluated by consumers. Also, as outlined in more detail later in this report, the manner in which a price is framed can affect what is taken as a reference point. When a firm first advertises or displays an initial price and then, later, separately provides information about an additional surcharge, the initial price can become a reference point which will influence subsequent price judgments and decisions. In contrast, if consumers first see an all-inclusive price, it is more likely that this total will become the reference point.

36. *Loss aversion, Diminishing returns, and Mental Accounting.* A second reason why price frames influence consumers' preferences is because consumers display loss aversion.<sup>7</sup> They are more sensitive to changes from a reference point that are framed as a loss than they are to equivalent-sized changes from that reference point that are framed as a gain. This implies that losing \$100 feels worse to most people than finding \$100 would feel good. Relating back to the earlier point on price differences, this is also why paying an additional surcharge feels worse than receiving an equivalent discount. On average most people weigh something that is framed as a loss 1.5 to 2.5 times more than they would an equivalent gain, in other words, they would have to find \$200 to make up for how bad they would feel if they lost \$100.<sup>8</sup> Prospect Theory also states that people have diminishing returns for both gains and losses. This suggests that people react more negatively to two losses (e.g., losing \$10 twice in one day) versus to an equivalent single larger loss (e.g., losing \$20 once that same day).
37. On the face of it, this literature would seem to suggest that consumers will respond more favorably when a price is framed as being all-inclusive versus when an advertised base price is presented first and an additional fee is added subsequently. However, as discussed later in this report, the opposite has been shown in the partitioned and drip pricing literatures and this seeming discrepancy is discussed in that literature.<sup>9</sup>
38. In fact, in Greenleaf et al., my co-authors and I discuss why some research results about pricing might not match up with what we know about how

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<sup>7</sup> Kahneman, Daniel and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision under Risk," *Econometrica*, 47 (March), 263-291.

<sup>8</sup> Kahneman, Daniel (2013), *Thinking, Fast and Slow*, New York: Farrar, Straus, and Giroux, p 284.

<sup>9</sup> Greenleaf, Eric A., Eric J. Johnson, Vicki G. Morwitz, and Edith Shalev (2016), "The Price does not Include Additional Taxes, Fees, and Surcharges: A Review of Research on Partitioned Pricing," *Journal of Consumer Psychology*, 26 (1), 105-124; Morwitz, Vicki G., Eric Greenleaf, and Eric Johnson (1998), "Divide and Prosper: Consumers' Reactions to Partitioned Prices," *Journal of Marketing Research*, 25 (November), 453-463.

people dislike losses. One point was that when people spend money on something valuable, they might not feel paying that money is a loss.<sup>10</sup> This means that some theories about how people react to avoid losses do not apply in this context regarding fees. In addition, studies in mental accounting have never looked at what happens when one loss or payment is made less salient than another, such as when a price is presented first and an additional fee later, again suggesting the findings from the loss aversion stream of literature may not apply.

39. *Endowment effect.* Third, people tend to value items more when they feel like they own them, even if they have just recently acquired them or only feel like they do. This is called the endowment effect. For example, in a study, people who were only just given a mug wanted to sell it for about twice the amount others were willing to pay for it. So, people often overvalue things they have or feel they have.<sup>11</sup>
40. One consequence of the endowment effect is that if, during the purchase process, consumers already feel attached to a potential purchase, they may be reluctant to give it up even if they learn through the disclosure of information about fees that it is more expensive than originally thought. For example, imagine a situation where a consumer is shopping online and, based on only seeing a base price, decides to purchase a product and puts the product in the shopping cart. At that point the consumer may already feel ownership toward the product. If that consumer then later learns there are additional fees for that product, the consumer may still continue with the purchase because of the endowment effect, even if the total price now exceeds the consumer's original budget.

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<sup>10</sup> A similar point was made in Thaler, Richard H., and Eric J. Johnson (1990), "Gambling with the House Money and Trying to Break Even: The Effects of Prior Outcomes on Risky Choice," *Management Science*, 36 (6), 643–660.

<sup>11</sup> Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler (1990), "Experimental Tests of the Endowment Effect and the Coase Theorem," *Journal of Political Economy*, 98 (December), 1325-1348.

41. *Status quo bias*. Fourth, consumers often prefer things to stay the way they are, which is known as the status quo bias.<sup>12</sup> Rather than equally weighing the costs and benefits of making a change from some reference state, because consumers feel the pain of losing something more than the joy of gaining the same thing, the current state tends to be sticky. Therefore, anything that is framed or thought of as being the status quo is more likely to be chosen.
42. For example, in a shopping context, if consumers put an item in a shopping cart, then purchasing that item may become the status quo, and consumers may therefore become more likely to purchase that item than they would have, had they given it equal consideration but not put it in a shopping cart. Therefore, if a consumer shopping online puts a product in the shopping cart based on only seeing an advertised base price, the status quo bias suggests they may still continue with the purchase even if they later learn there is an additional fee for that product, and even if the total price, including the additional fee, then exceeds the consumer's original budget.

**4.1.1.3 Decision Heuristics and Biases can lead consumers to make suboptimal decisions**

43. The behavioral economics literature has also identified several decision-making heuristics that we are all prone to use when we form judgments and make choices including: (1) anchoring and (2) confirmation. In general, heuristics are mental shortcuts that we use to make decisions. These heuristics generally involve focusing on one easily obtained aspect of a problem and ignoring aspects that are less salient or easy to obtain. These decision heuristics provide fast ways to make decisions and are useful in situations when consumers cannot attend to all relevant information, need

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<sup>12</sup> Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler (1990), "Experimental Tests of the Endowment Effect and the Coase Theorem," *Journal of Political Economy*, 98 (December), 1325-1348.

to make quick decisions, or when the consequences of a bad decision are small.

44. *Anchoring*. One such heuristic is anchoring which Tversky and Kahneman describe as follows: “In many situations, people make estimates by starting from an initial value that is adjusted to yield the final answer. The initial value, or starting point, may be suggested by the formulation of the problem, or it may be the result of a partial computation. In either case, adjustments are typically insufficient. That is, different starting points yield different estimates, which are biased toward the initial values.”<sup>13</sup> Because of the anchoring heuristic, even arbitrary numeric information we see before making a judgment or prediction can influence us. Thus, anchoring suggests that when consumers are asked to make numeric judgments, they will tend to anchor on numeric information they see early in the process prior to making the judgment and fail to adjust sufficiently for information that is revealed later in the process, even seconds later. This even occurs when the initial anchor is an irrelevant number.<sup>14</sup>
45. Sometimes the anchor is inherent in the task itself, for example in some tasks, the first piece of information we see may serve as an anchor that affects how we process or perceive the information we see after.<sup>15</sup> When looking at prices, people often focus on the first number they see. So, \$8.99 seems cheaper than \$9.00 because we notice the ‘8’ first.<sup>16</sup> Another study

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<sup>13</sup> Tversky, Amos and Daniel Kahneman (1974), “Judgment under Uncertainty: Heuristics and Biases,” *Science*, 185, 1124-1131.

<sup>14</sup> For example, in a study conducted by Tversky and Kahneman (1974), they had participants watch a spinning wheel that landed on a random number between 0 and 100. Participants were then asked if they thought the percent of African countries in the UN was higher or lower than that number. After that, the participants then were asked to guess the exact percent of African countries in the UN. The random wheel number influenced their guesses. If the wheel showed a higher number, participants usually then guessed a higher percent of countries. (Tversky, Amos and Daniel Kahneman (1974), “Judgment under Uncertainty: Heuristics and Biases,” *Science*, 185, 1124-1131).

<sup>15</sup> Tversky, Amos and Daniel Kahneman (1974), “Judgment under Uncertainty: Heuristics and Biases,” *Science*, 185, 1124-1131.

<sup>16</sup> Thomas, Manoj and Vicki G. Morwitz (2005), “Penny Wise and Pound Foolish: The Left Digit Effect in Price Cognition,” *Journal of Consumer Research*, 22 (June), 54-64.

found that when we go shopping, the prices we see at the beginning of the shopping trip affect us more than the ones we see later on.<sup>17</sup> This literature suggests that if consumers see a base price and later see additional fees, then in later thinking about how expensive the product is, they will likely anchor on the base price, and will insufficiently consider the impact of the additional fees in forming perceptions of the total price of the product.

46. Anchoring not only affects judgments of numeric quantities but also influences beliefs. Consistent with this, Hogarth and Einhorn suggest that people use an anchoring and adjustment process when they update beliefs about an object as they obtain information.<sup>18</sup> Consumers may for example form beliefs about the price of a product as they encounter price information, such as whether the price is reasonable or unreasonable, high or low, affordable or unaffordable, fair or unfair, competitive or not competitive. Nisbett and Ross wrote that initial information is likely to have greater influence and serve as an anchor in such processes when they wrote: “Although order of presentation of information sometimes has no effect on final judgment, and recency effects sometimes are found, these are the exception; several decades of psychological research have shown that primacy effects are overwhelmingly more probable.”<sup>19</sup>
47. This suggests that beliefs that consumers form when shopping are likely to be more influenced by information they see earlier in that process than information they encounter later. In the current context, this suggests that if consumers first see an advertised ticket price and only later see there is also an additional fee, they may have already formed a belief about whether the ticket is a good value based on the base price, and those

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<sup>17</sup> Büyükkurt, B. Kemal (1986), “Integration of Serially Sampled Price Information: Modeling and Some Findings,” *Journal of Consumer Research*, 13 (December), 357-373.

<sup>18</sup> Hogarth, Robin M. and Hillel J. Einhorn (1992), “Order Effects in Belief Updating: The Belief-Adjustment Model,” *Cognitive Psychology*, 24, 1-55.

<sup>19</sup> Nisbett, Richard E., and Lee Ross (1980), *Human Inference: Strategies and Shortcomings of Human Judgment*, Englewood Cliffs, NJ: Prentice-Hall, p.72.



beliefs would tend to be sticky even if the consumer later learns the product is actually more expensive, when the additional fee is revealed.

48. The literature on anchoring effects suggests there are two different ways that anchoring effects can occur. First, Mussweiler and Strack argue that a numeric anchor can make beliefs that are consistent with that anchor more accessible.<sup>20</sup> For example, if consumers view some price information early during their search, and based on that information decide that the product offering is a good value, their beliefs concerning that price being a good value will be more accessible and will color how they interpret subsequent information. Or after viewing the initial price information, they may come to believe that the price is what they expected to pay, and that will also affect how they interpret information they later see. Second, the anchor itself can simply become more accessible. For example, if consumers anchor on price information seen early in a web search, that information would be more accessible, or top of mind, than other information they subsequently encounter later in the search process. Thus, if they are trying later to remember the price, the information they anchored on would come to mind easily and play a large role in shaping this memory and any subsequent decisions. Both explanations suggest that consumers' price perceptions will be more influenced by initially presented prices than by additional fees that they learn about after learning the initial prices.
49. Another relevant and related line of research is that of belief persistence. Ross and Lepper discuss experiments where subjects are initially given certain beliefs, which are discredited later in the experiment.<sup>21</sup> The findings reveal that subjects persevere in their initially acquired, but discredited beliefs. This suggests that if consumers form a belief based on information

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<sup>20</sup> Mussweiler, Thomas, and Fritz Strack (2001), "The Semantics of Anchoring," *Organizational Behavior and Human Decision Processes*, 86 (2), 234-255.

<sup>21</sup> Ross, Lee, and Mark R. Lepper (1980), "The Perseverance of Beliefs: Empirical and Normative Considerations," in R. A. Shweder (Ed.), *New Directions for Methodology of Behavioral Science: Fallible Judgment in Behavioral Research*, San Francisco: Jossey-Bass, 17-36.

they see early in a shopping process, such as forming a belief that a product is a good value based on an initially seen advertised price, or that the initial price is what they expected to pay, they might still persevere in those beliefs, even if information they encounter later on or the total price, contradicts those initial beliefs.

50. More generally, in pricing contexts, Estelami states that consumers tend to focus, or anchor, on a single, important component of a multi-dimension price.<sup>22</sup> He mentions as an example that consumers evaluating an automobile lease might place disproportionate weight on the amount of each monthly payment and place little weight on the number of payments. This provides further evidence that consumers are likely to focus on one particular aspect of a multi-dimension price. In the current case, this research suggests consumers will likely focus or anchor more on the initial ticket prices than on additional fees that are presented separately.
51. Anchoring is not limited to novices and to laboratory experiments. Northcraft and Neale showed that even experts, in this case real estate agents, were affected by a manipulated anchor, in this case the list price for properties they viewed, when assessing pricing decisions about the properties (i.e., property appraisal value, selling price, purchase price, and lowest acceptable offer), even when given more relevant information about the properties.<sup>23</sup> Both amateur and expert participants' judgments were significantly affected by the manipulated list prices. Importantly, experts were not aware and denied that the list price anchor had affected their judgments. This finding suggests that expertise and experience are unlikely to be enough to eliminate anchoring effects.

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<sup>22</sup> Estelami, Hooman (2003), "Strategic Implications of a Multi-Dimensional Pricing Environment," *Journal of Product & Brand Management*, 12 (5), 322-334.

<sup>23</sup> Northcraft, Gregory B., and Margaret A. Neale (1987) "Experts, Amateurs, and Real Estate: An Anchoring-and-Adjustment Perspective on Property Pricing Decisions," *Organizational Behavior and Human Decision Processes*, 39 (1), 84-97.

52. Thus, overall, the literature on anchoring suggests that when consumers first see an initially advertised price and only later see an additional fee (vs. first seeing an all-inclusive price), they will tend to anchor on that initially advertised price. This will affect both their price memory, leading them to recall a price that is lower than the total including additional fees, and their beliefs about the price, making them more likely to think the price provides a good value. These effects in turn will lead consumers to be more likely to buy. This literature also shows these effects are not eliminated with experience, as even experts show anchoring effects.
53. *Confirmation Heuristic.* Another commonly used heuristic identified in the behavioral economics literature is the confirmation heuristic. When people use this heuristic, they tend to seek, pay attention to, and notice information that is consistent with their initial beliefs, motives, and preferences. Because of this heuristic, they also tend not to notice, pay attention to, or weigh information that contradicts these beliefs, motives, and preferences. In other words, as Kahneman notes, “people (and scientists, quite often) seek data that are likely to be compatible with the beliefs they currently hold.”<sup>24</sup> As mentioned earlier, the confirmation heuristic is one reason why anchors are so powerful. When people form beliefs based on initial anchors, they then only tend to notice or consider information that confirms those beliefs, while they tend not to notice or weigh disconfirming information.
54. In the current context, based on the anchoring literature, if consumers first see an advertised price and later see an additional fee (vs. first seeing an all-inclusive price), they will tend to anchor on the advertised price and form beliefs, such as whether this is a good offer, or what the consumer expected to pay, based on the initial price. The confirmation heuristic literature suggests that once these beliefs are formed, consumers will pay

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<sup>24</sup> Kahneman, Daniel (2013), *Thinking, Fast and Slow*, New York: Farrar, Straus, and Giroux, p. 81.

more attention to, notice and weigh more heavily subsequent information that is consistent with those beliefs, and will tend not to notice, discredit, and underweight information inconsistent with those beliefs. Thus, even if later in the shopping process, information about added fees or increased totals suggests the offer is not a good one, consumers may continue to believe the offer is good, or the price is as expected, because of this heuristic. This heuristic further suggests they may not even notice such information, and if they do, they will tend to discount it, and later forget it. The beliefs formed based on base prices will therefore then lead consumers to be more likely to buy.

#### **4.1.2 Behavioral Pricing research demonstrates that consumers are affected by how prices are presented**

55. A large body of research has more specifically examined the psychological factors that influence how consumers process price information, beyond the basic economics of price. This literature is commonly referred to as Behavioral Pricing. For example, this body of literature has demonstrated that beyond using price as an input to utility assessment, consumers are also affected by whether the price is a round number, a precise number, or has a 9-ending.<sup>25</sup>
56. The most relevant psychological pricing research for the current case is the body of research on price partitioning, price obfuscation and shrouded attributes, and drip pricing.<sup>26</sup> I summarize the academic research in these areas below and discuss what we know from this body of work about how

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<sup>25</sup> This body of research has also shown that consumers are affected by signals provided with the price suggesting that the offering is on sale, and they use price to infer the quality of the good in question. For a summary see Liu, Maggie Wenjing, and Dilip Soman (2018), "Behavioral Pricing," in *Handbook of Consumer Psychology*, Routledge, 656-678.

<sup>26</sup> Note that the definition of drip pricing in the *Competition Act* is closer to the definition of price partitioning than it is to the academic literature on drip pricing, but the literatures of both are relevant to the current case.

these pricing practices affect consumers in terms of (1) their perception of the price to be paid for a given product, and (2) their behavior.

**4.1.2.1 Partitioned pricing leads consumers to underestimate the price**

57. Partitioned pricing is a pricing strategy where a firm divides the price of a product into a base price and a separate mandatory fee rather than charging a single, all-inclusive price. Examples of partitioned pricing include (1) when a firm that sells its product via catalogs or the web presents the price of a product as a base price for the product and a separate fee for shipping and handling, (2) when an auction house requires that the total amount buyers have to pay if they win be their bid plus a buyer's premium, (3) when a cruise company prices a cruise package as a base price and port charges. In all these cases, the firm offering these goods could instead charge an all-inclusive price (i.e., the sum of the base price and the mandatory fee).
58. Although, as discussed above, literature on consumers' mental accounting habits suggests that consumers would be more likely to buy if presented with one all-inclusive price versus separate smaller charges that sum to the same total,<sup>27</sup> the academic literature on partitioned pricing has found the opposite. Specifically, this academic literature has shown that when firms use partitioned pricing, consumers tend to underestimate the total price of a purchase. This happens because consumers tend to pay less attention to additional fees than to base price information. The use of partitioned pricing has also been shown to increase consumer demand. Below is a brief

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<sup>27</sup> Thaler, Richard (1985), "Mental Accounting and Consumer Choice," *Marketing Science*, 4, 199-214.

summary of research on partitioned pricing. A more comprehensive summary can be found in Greenleaf et al and also in Appendix C.<sup>28</sup>

59. Morwitz, Greenleaf, and Johnson were the first to examine how consumers process partitioned pricing.<sup>29</sup> We found through two experiments, that when a price is partitioned, it lowers consumers' average perceptions of the total price of the product and increases their demand.
60. In our first study, MBA students participated in an auction for a jar of pennies. Students were randomly given two sets of rules. One group was told if they won the auction, they would pay their bid plus an extra 15% fee (i.e., the partitioned price condition). The other group was told they would just pay their bid if they won. Everyone then guessed how much the jar of pennies was worth. We looked at how much each person was willing to pay compared to what they thought the jar was worth. If the first group understood the 15% fee, then the first group should bid lower so that in the end, both groups spend about the same amount for the jar of pennies.
61. However, what we found was that the group that had to pay the extra 15% fee ended up being willing to pay 88.5% of what they thought the jar was worth. The other group, without the extra fee, was only willing to pay 78.7% of the jar's value. This means that breaking down the price (by adding a fee) can increase how much consumers are willing to pay to obtain a good.
62. In our second study, we had college students pretend they were buying a phone. They had to choose between two phones: a Sony phone from the store and an AT&T phone from a catalogue. We randomly showed some students the AT&T phone's total price, including all costs (\$82.90). Others saw the price split up (i.e., partitioned): the phone was \$69.95 with an

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<sup>28</sup> Greenleaf, Eric A., Eric J. Johnson, Vicki G. Morwitz, and Edith Shalev (2016), "The Price does not Include Additional Taxes, Fees, and Surcharges: A Review of Research on Partitioned Pricing," *Journal of Consumer Psychology*, 26 (1), 105-124.

<sup>29</sup> Morwitz, Vicki G., Eric Greenleaf, and Eric Johnson (1998), "Divide and Prosper: Consumers' Reactions to Partitioned Prices," *Journal of Marketing Research*, 25 (November), 453-463.

added charge of \$12.95 for quick shipping. Some of these students saw the shipping charge as a dollar amount while others saw it as a percentage. We always made sure the prices were clear and easy to see. For comparison, the Sony phone's price was always shown as \$64.95, including taxes.

63. Research participants who saw a partitioned price for the target phone, when later asked to recall the total price including shipping and handling, recalled a significantly lower total price (\$78.27) than the actual total price of the phone (\$82.90). The price they recalled was also lower than what was recalled by those who saw the all-inclusive price (\$83.90, who slightly overestimated the total).
64. In this research, we also concluded that a significant percent of subjects either simply ignored or did not fully process the fee information, even though that information was fully disclosed. We found that when fee information was more difficult to process, it was more likely to be ignored or not be fully processed. Finally, we found in this study that partitioned pricing had a positive effect on intentions to purchase the target phone among those who held a favorable attitude toward the target brand.  
Many studies in marketing, economics, and finance have built on our initial findings on partitioned pricing and corroborated or extended our findings.<sup>30</sup>
65. Abraham and Hamilton conducted a meta-analysis of partitioned pricing studies. On average across the studies, partitioned pricing had a positive effect on consumer preference (defined as an inclination toward the target product).<sup>31</sup> The results of their meta-analysis suggested that, on average, the use of partitioned pricing leads to a 9% increase in preference over the use of all-inclusive pricing.

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<sup>30</sup> See for example - Lee, Yih Hwai and Cheng Yuen Han (2002), "Partitioned Pricing in Advertising: Effects on Brand and Retailer Attitudes," *Marketing Letters*, 13 (1), 27-40.

<sup>31</sup> Abraham, Ajay T. and Rebecca W. Hamilton (2018), "When Does Partitioned Pricing Lead to More Favorable Consumer Preferences?: Meta-analytic Evidence," *Journal of Marketing Research*, 55(5), 686-703.

66. Overall, the literature on partitioned pricing suggests that partitioned pricing will lead consumers to underestimate total prices and be more likely to buy a product than when all-inclusive pricing is used.

**4.1.2.2 Price obfuscation and Shrouded attributes can make it more difficult for consumers to understand prices**

67. Another body of research examines the effect of price obfuscation and shrouded attributes. Price obfuscation involves presenting price information in a way that makes it more difficult for consumers to understand.<sup>32</sup> When prices are obfuscated consumers may find shopping and finding price information complicated, difficult, or confusing. A related concept, a “shrouded attribute,” refers to the specific information that firms obfuscate from their customers.<sup>33</sup> Ellison and Ellison show that obfuscation can lead to increased firm profits by making consumers less informed about prices. And because firms have made it difficult for consumers to obtain full price information, consumers’ learning about prices is incomplete.
68. Sullivan summarized this related body of economic research that more broadly has focused on the impact of price transparency (or lack thereof), salience, and obfuscation on market structure and firms’ use of fees.<sup>34</sup> While economic models that assume that consumers are perfectly rational suggest that consumers will not be harmed by the presence of fees,<sup>35</sup> subsequent models showed that if some consumers do not have rational

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<sup>32</sup> Ellison, Glen and Sarah Fisher Ellison (2009), “Obfuscation, and Price Elasticities on the Internet,” *Econometrica*, 77 (2), 427–452.

<sup>33</sup> Gabaix, Xavier, and David Laibson (2006), “Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets,” *The Quarterly Journal of Economics*, 121 (2), 505-540.

<sup>34</sup> Sullivan, Mary W. (2017), “Economic Analysis of Hotel Resort Fees,” Bureau of Economics, Federal Trade Commission. Economic Issues (January), [https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503\\_hotel\\_resort\\_fees\\_economic\\_issues\\_paper.pdf](https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf).

<sup>35</sup> Grossman, Samuel J. (1981), “The Informational Role of Warranties and Private Disclosure About Product Quality,” *The Journal of Law and Economics*, 24 (3), 461–483; Milgrom, Paul R. (1981), “Good News and Bad News: Representation Theorems and Applications,” *The Bell Journal of Economics*, 12 (2), 380–391.



expectations (i.e., “myopes” or naïve consumers) and do not fully anticipate that there will be additional fees in addition to base prices,<sup>36</sup> or do not fully process additional fees, they will underestimate total costs<sup>37</sup> and can be harmed by paying higher prices than they otherwise would have.

69. While little empirical work in economics has examined whether these predictions actually manifest in the marketplace, as discussed in the next section, there is some empirical support for the notion that, when consumers are inattentive (which survey data by Seim and colleagues suggest a sizeable segment of consumers are with respect to fees) and the marketplace is competitive, firms have an incentive to use drip pricing with low base prices but high dripped fees to increase their profits.<sup>38</sup> Rasch, Thöne, and Wenzel similarly found that few consumers view, or adequately account for, fees that are dripped and that this leads to greater firm profits and lower consumer surplus.<sup>39</sup>
70. In my opinion, when firms first present information about base prices by presenting it earlier than other information, or when they show base price information on the initially visible part of a web or app page or make it more salient than other information, and when they only later provide information about additional surcharges, or when finding that information requires scrolling, search, and clicks, or when that information is made less salient, then that information is obfuscated and a shrouded attribute. Research on price obfuscation and shrouded attributes has largely shown that firms benefit and make more money when they make price information more

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<sup>36</sup> Gabaix, Xavier, and David Laibson (2006), “Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets,” *The Quarterly Journal of Economics*, 121 (2), 505-540.

<sup>37</sup> Chetty, Raj, Adam Looney, and Kory Kroft (2009), “Salience and Taxation: Theory and Evidence,” *American Economic Review*, 99 (4), 1145-1177; Farrell, Joseph (2012), “Consumer and Competitive Effects of Obscure Pricing,” Presentation, Conference on the Economics of Drip Pricing, May 21, Federal Trade Commission, Washington, DC;

<sup>38</sup> Seim, Katja, Maria Ana Vitorino, and David Muir (2017), “Drip Pricing When Consumers Have Limited Foresight: Evidence from Driving School Fees,” Working paper.

<sup>39</sup> Rasch, Alexander, Miriam Thöne, and Tobias Wenzel (2020), “Drip Pricing and its Regulation: Experimental Evidence.” *Journal of Economic Behavior & Organization*, 176, 353-370.

difficult for consumers to obtain and process. These practices also make it more difficult for consumers to compare prices.

#### **4.1.2.3 Drip pricing increases costs**

71. The academic literature refers to drip pricing as a pricing practice where a firm presents base price information early in the consumer decision making process, but only subsequently provides information about additional fees.
72. Academic research, some of which I describe in this opinion, finds that there are two costs drip pricing may impose on consumers:<sup>40</sup>
- (1) a monetary cost, which may result from making a product purchase that is more expensive than what would have been made if the prices of the additional surcharges had been known upfront (indeed, knowledge of the additional surcharges may have led the consumer to forego the purchase entirely), and
  - (2) increased search costs for price comparisons.<sup>41</sup>
73. Huck and Wallace conducted an experiment to study the effects of the drip pricing of shipping and handling fees.<sup>42</sup> They compared research

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<sup>40</sup> Huck, Stefan, and Brian Wallace (2010), "The Impact of Price frames on Consumer Decision Making," Report, Office of Fair Trading, London, UK; Santana, Shelle, Steven Dallas, and Vicki G. Morwitz (2019), "Consumers' Reactions to Drip Pricing," *Marketing Science*, 39 (1), 188-210; Seim, Katja, Maria Ana Vitorino, and David Muir (2017), "Drip Pricing When Consumers Have Limited Foresight: Evidence from Driving School Fees," Working paper; ACCC (2010), The Competition and Consumer Act., Legislation, Australian Competition & Consumer Commission, Australia, <https://www.accc.gov.au/about-us/australian-competition-consumer-commission/legislation>; Fletcher, Amelia (2012), "Drip Pricing UK Experience," Presentation, Conference on the Economics of Drip Pricing, May 21, Federal Trade Commission, Washington, DC; Sullivan, Mary W. (2017), "Economic Analysis of Hotel Resort Fees," Bureau of Economics, Federal Trade Commission. Economic Issues (January), [https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503\\_hotel\\_resort\\_fees\\_economic\\_issues\\_paper.pdf](https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf).

<sup>41</sup> Sullivan, Mary W. (2017), "Economic Analysis of Hotel Resort Fees," Bureau of Economics, Federal Trade Commission. Economic Issues (January), [https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503\\_hotel\\_resort\\_fees\\_economic\\_issues\\_paper.pdf](https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf).

<sup>42</sup> Huck, Stefan, and Brian Wallace (2010), "The Impact of Price frames on Consumer Decision Making," Report, Office of Fair Trading, London, UK.

participants' shopping behavior in a virtual store in a setting where total prices were transparent to a setting where additional fees were dripped. For research participants randomly assigned to the transparent setting, the firm revealed the total price of its product as soon as participants entered the store. Participants assigned to the drip-pricing setting saw the base price when they entered the store, but only learned about two additional fees (for shipping and handling) when they began checking out. After they were shown each fee, they had to click to continue. Before they completed their purchase, they were shown the total price and a listing of the base price and all additional fees. They had to then click to confirm they wanted to complete the purchase. They could stop the purchase at any point during this process. In both conditions, if participants wanted, they could go to another store to compare prices, but they were assessed a search cost if they did so. Participants were informed about the price ranges for the different sellers.

74. The experimenters compared for each participant their obtained utility to the maximum possible utility if that person had searched optimally and purchased at the lowest prices. The results showed that participants in the drip pricing condition were more likely to purchase when they would have been better off continuing to search, thus paying too much. They were also more likely to buy too many units (at higher prices) compared to those in the transparent condition. The behavior of those in the drip pricing condition was consistent with the idea that participants thought that the total price was lower than it was including the additional fees, even though they saw the total price before completing the purchase, and even though they had multiple opportunities to terminate and stop the purchase before completing it. Notably, these results manifested even though the research participants had repeated experience with the research paradigm, suggesting experience is not enough to alleviate the negative effects of drip pricing.

75. Rasch, Thone, and Wenzel conducted an experiment that examined the impact of drip pricing on sellers and buyers. Sellers were randomly assigned to either use all-inclusive prices or drip pricing (set a base price and a dripped fee). Buyers made their purchase decisions based on prices. In the all-inclusive condition they saw the single price. In the drip condition they could initially only look at base prices but they could pay a search cost to also look at dripped fees. Rasch, Thorne, and Wenzel found that with drip pricing, sellers tended to compete on base prices and to set high fees. However, they also found that buyers rarely invested in looking at dripped fees and tended to make choices based only on base prices. They found that with drip pricing, sellers had higher profits and buyers had lower surplus. When all-inclusive pricing was used total prices were lower and buyer surplus was higher.<sup>43</sup>
76. Blake et al. examined the effect of the drip pricing of fees in a live event ticketing context, using data from StubHub. StubHub had conducted experiments where it varied whether fees were presented up front in an all-inclusive price or were dripped and shown only after customers initially selected a ticket. They also analyzed data from before and after StubHub went from all-inclusive to dripped fee disclosures. Overall, they found that StubHub's revenue was 20 percent higher when fees were dripped than when all-inclusive pricing was used. This was due both to customers being more likely to buy with drip pricing and being more likely to buy higher quality and more expensive tickets with drip pricing. The results also suggest that drip pricing makes price comparisons more difficult. This research further showed that experienced customers who have been exposed to dripped fees before, still spend more with drip pricing,

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<sup>43</sup> Rasch, Alexander, Miriam Thöne, and Tobias Wenzel (2020), "Drip Pricing and its Regulation: Experimental Evidence." *Journal of Economic Behavior & Organization*, 176, 353-370.

suggesting experience is not enough to eliminate negative effects of drip pricing.<sup>44</sup>

77. Other studies on drip pricing have examined how consumers react when fees for optional add-ons are dripped.
78. Santana, Dallas, and Morwitz examined why consumers tend to stick with their initial choices with the drip pricing of optional add-ons, even when it is revealed that it is more expensive than an alternative, and even when they could save money by switching.<sup>45</sup> They conducted a series of experiments where research participants chose between two brands, one that had a lower base price, but for which optional add-ons cost extra, and another that had a higher base price, but included all the add-ons in the base prices. They randomly assigned participants to a non-drip or a drip condition. In the non-drip condition, the prices for the optional add-ons were presented together with the base price. In the drip condition, the prices for the add-ons were only revealed after participants made an initial choice. All participants saw total prices that included optional add-ons before completing the purchase and could decide whether to complete the purchase or start over.
79. The results showed that drip pricing (vs. non-drip pricing) increased the likelihood that research participants initially selected the lower base price option. Importantly, even after the surcharges for optional add-ons caused the overall price to increase, participants tended to stick with this option, even when it was ultimately more expensive than the alternative. Thus, because very few people restarted after seeing the total price, drip pricing also made participants more likely to ultimately select the option with the lower base price, and to make a financial mistake, such that they selected

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<sup>44</sup> Blake, Tom, Sarah Moshary, Kane Sweeney, and Steve Tadelis (2021), "Price Salience and Product Choice," *Marketing Science*, 40 (4), 619-636.

<sup>45</sup> Santana, Shelle, Steven Dallas, and Vicki G. Morwitz (2019), "Consumers' Reactions to Drip Pricing," *Marketing Science*, 39 (1), 188-210.

the more expensive option given their desired add-ons. We found that this stickiness is due to participants' misperceptions regarding the costs relative to the benefits of switching. Our findings showed more specifically that these effects are driven by the increased search costs associated with drip pricing and psychological self-justification related (i.e., not wanting to admit one made a mistake) costs of starting over, as well as incorrect beliefs about the potential benefits to be gained by restarting due to incorrect beliefs about the similarity of surcharges across firms.

80. Overall, the research on drip pricing suggests that consumers will be more likely to purchase and to make a more expensive purchase with drip pricing, than if dripped pricing were not used. The literature also suggests that drip pricing makes the search process more difficult and costly for consumers, and the adverse effects of drip pricing are not eliminated by having experience with drip pricing. These effects were shown to occur both for the dripping of mandatory fees and for fees for optional add-ons.

#### **4.1.3 Insights from literatures on Information Saliency, Change Blindness, and Time Pressure**

##### ***4.1.3.1 Information saliency impacts consumers awareness***

81. The academic literature on the impact of information saliency and noticeability in warnings and disclosures is also relevant given that one reason why drip pricing affects consumers is because firms often present base prices in ways that are more salient than additional fees or surcharges.
82. Salient features have been described as those that "are most prominent, noticeable, or conspicuous".<sup>46</sup> The literature on information saliency makes clear that the manner in which firms present information to customers

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<sup>46</sup> MacInnis, Deborah J., and Bernard J. Jaworski (1989), "Information Processing from Advertisements: Toward an Integrative Framework," *Journal of Marketing*, 53 (October), 1-23, quote from p 6.

affects their ability to process and be fully informed about that information. For example, research has shown that the manner in which marketing related communications are provided to consumers influences whether they attend to that information.<sup>47</sup>

83. Another relevant body of research, described below, has shown that the manner in which disclosures, such as product warnings on packages, are presented to consumers, influences whether they attend to these disclosures.
84. This is an important point because if information that a firm provides is not noticed by consumers because of the way it is presented, consumers cannot realistically use that information to make decisions. Consistent with this, and in the context of product warnings, "Noticeability of warning information is important because if a warning is not seen, it cannot realistically have any effect on its target audience. The quality or efficacy of a warning's content is irrelevant if the warning is never noticed or read."<sup>48</sup> Of particular relevance here, the manner in which firms present price and fee information to consumers affects the extent to which they attend to additional fees, as discussed in the above reviews of partitioned and drip pricing. Research on partitioned pricing has also examined the effect of information salience.
85. Research in the domain of warnings has shown that the manner in which warning information is communicated to consumers affects the extent to which they attend to that information. For example, Godfrey, Rothstein, and Laughery examined how visual aspects of a warning sign influenced whether people heeded the warning. The goal of their research was to test their hypothesis that the more noticeable a warning is, the more effective it

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<sup>47</sup> MacInnis, Deborah J., and Bernard J. Jaworski (1989), "Information Processing from Advertisements: Toward an Integrative Framework," *Journal of Marketing*, 53 (October), 1-23.

<sup>48</sup> Laughery, Kenneth R., Stephen L. Young, Kent P. Vaubel, and John W. Brelsford, Jr. (1993), "The Noticeability of Warnings on Alcoholic Beverage Containers," *Journal of Public Policy & Marketing*, 12 (1), 38-56.

will be. They conducted one experiment at a water fountain and the warning informed people that the water was contaminated and that they should not drink it.<sup>49</sup>

86. Their results show that the content of a warning is independent of its format, and that the format alone can influence whether or not the warning is noticed. Thus, one conclusion from this research is that noticing a warning is a necessary but not a sufficient condition for people to act on the warning and for the warning to therefore be effective.
87. A related study on product warnings examined how the manner in which firms communicate warning information on products, such as on alcohol containers, influences the extent to which consumers attend to those warnings. Laughery et al. discuss how the extent to which a firm makes a warning visually salient influences whether consumers attend to it. Their three experiments demonstrated that when warnings are surrounded by a significant amount of other non-warning-related information, a product's label can appear cluttered, thus making it less likely that consumers will notice the warning. What's more, when warnings are on the front of a bottle, consumers are more likely to notice these warnings. As such, the authors argued that a warning needs to be designed to stand out in order to be noticed.<sup>50</sup>
88. Research on partitioned pricing has suggested that one reason why it leads to lower price perceptions and higher demand is because information about additional fees is often presented in a way that makes it less salient than information about base prices. In my own research, my co-authors and I examined how the manner in which firms communicate pricing information

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<sup>49</sup> Godfrey, Sandra S., Pamela R. Rothstein, and Kenneth R. Laughery (1985), "Warnings: Do They Make a Difference?" in *Proceedings of the Human Factors and Ergonomics Society Annual Meeting*, 29, 669-673.

<sup>50</sup> Laughery, Kenneth R., Stephen L. Young, Kent P. Vaubel, and John W. Brelsford, Jr. (1993), "The Noticeability of Warnings on Alcoholic Beverage Containers," *Journal of Public Policy & Marketing*, 12 (1), 38-56.



regarding additional fees influences their understanding of the total price.<sup>51</sup> One goal of our partitioned-pricing research was to examine how the manner in which a firm presents price information influences when consumers do and do not notice that there is an additional fee or notice it but do not process and consider it when recalling a product's total cost. We discuss in our article how when a firm presents information about additional fees in a manner that is physically or temporally far from a product's base price, the chance that a customer will not know there is an additional fee or that they will not fully process additional fee information is more likely. This is because the more effort the customer has to make to find and fully process information about additional fees, the less likely they will be able to find and fully process that information.

89. Kim also discussed the role of the difficulty of finding information about additional fees and the salience of such information on the extent to which consumers are fully informed about those fees. Kim argued, "When a piece of information is difficult to process, people tend to ignore it and selectively attend to other information that is easier to process because, due to their limited working memory capacity, they must control what they attend to in decision making."<sup>52</sup>
90. In Kim's study one, that was designed to test this and other hypotheses, undergraduate business students evaluated an offer for a cordless Sony phone, where shipping was either separate from or included in the phone's base price. In most of the conditions (i.e., where the fee was in a percentage format or was in a dollar format but was less visually salient), research participants recalled lower prices than in the control condition where shipping and the base price were integrated into an all-inclusive

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<sup>51</sup> Morwitz, Vicki G., Eric Greenleaf, and Eric Johnson (1998), "Divide and Prosper: Consumers' Reactions to Partitioned Prices," *Journal of Marketing Research*, 25 (November), 453-463.

<sup>52</sup> Kim, Hyeong Min (2006), "The Effect of Salience on Mental Accounting: How Integration versus Segregation of Payment Influences Purchase Decisions," *Journal of Behavioral Decision Making*, 19, 381-391.

price. Kim concluded that this was consistent with the idea that when firms do not make information about additional fees salient, customers will be less likely to notice or fully process information about those fees. Thus, Kim's research supports the idea that if information about additional fees are not made salient, it is more likely that customers will not notice or fully understand the impact of additional fees on total costs.

91. Kim and Kachersky discuss different ways that firms use visual factors related to the salience of a price component to influence consumers.<sup>53</sup> They argue that firms sometimes choose to present discount amounts in large print and in striking colors to get consumers to pay attention to them. In contrast, firms sometimes choose to present information about additional fees in small print so as to discourage consumers from processing them. As discussed above under partitioned pricing (in Section 4.1.2.1) Kim and Kachersky offered a summary of factors that influence how consumers perceive and process multidimensional prices, that is prices that consist of more than a single number (e.g. "\$729 dish washer, plus \$45 installation fee and \$99 delivery charge"). Their central claim is that the attention consumers pay to a price component is related to the relative salience of that component compared to other components of the price.
92. Thus, if information about an additional fee is only communicated after the start of the shopping process or once a product is put in a shopping cart, or is presented in small print, or situated in a location that may not be noticed, for example being far from the base price, or if consumers are distracted by price information being intermingled with information that is not related to the base price and fees, consumers will be less likely to notice or pay adequate attention to information about the additional fees. If they do not

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<sup>53</sup> Kim, Hyeong Min and Luke Kachersky (2006), "Dimensions of Price Salience: A Conceptual Framework for Perceptions of Multi-Dimensional Prices," *Journal of Product and Brand Management*, 15 (2), 139-147.

pay adequate attention to these additional fees, they will then underestimate the total price, and be more likely to buy.

**4.1.3.2 Change blindness can mean that consumers may not even realize that the price has increased after fees have been added to the base price**

93. Another relevant area of research is on change blindness. This research is relevant, because in some drip pricing price representations, firms first present price information in one way, and then later in the process change how price information is displayed, for example, by later adding additional fees and including those additional fees in a revised total or subtotal. While one might argue that there is no deception if eventually all additional fees and totals are revealed, the literature on change blindness suggests that consumers might not even notice that the price representations and total prices change throughout their shopping process.
94. A large body of research on change blindness has shown that people can be surprisingly blind to changes occurring under a wide range of conditions.<sup>54</sup> This research has shown that people often do not notice changes, even when the changes are large, even when they are expected, and even when they are repeatedly made. For example, research has shown that people tend not to notice changes in dynamic images like movies, especially if the objects that change are not focal ones.<sup>55</sup>

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<sup>54</sup> Rensink, Ronald A. (2000), "Seeing, Sensing, and Scrutinizing," *Vision Research*, 40 (10-12), 1469-1487; Rensink, Ronald A. (2002), "Change Detection," *Annual Review of Psychology*, 53 (1), 245-277; Simons, Daniel J., and Daniel T. Levin (1997). "Change Blindness," *Trends in Cognitive Sciences*, 1 (7), 261-267.

<sup>55</sup> Gysen, Veerle, Peter De Graef, and Karl Verfaillie (2002), "Detection of Intrasaccadic Displacements and Depth Rotations of Moving Objects," *Vision Research*, 42 (3), 379-391; Levin, Daniel T., and Daniel J. Simons (1997), "Failure to Detect Changes to Attended Objects in Motion Pictures," *Psychonomic Bulletin & Review*, 4 (4), 501-506; Wallis, Guy, and Heinrich Bulthoff (2000), "What's Scene and Not Seen: Influences of Movement and Task Upon What We See," *Visual Cognition*, 7 (1-3), 175-190.

95. Change blindness has also been demonstrated in interpersonal interactions. In a classic study by Simons and Levin, an experimental confederate requested directions for a person on the street. Before the person could provide the directions, their interaction was occluded by people walking between them with a large billboard. The experimental confederate was switched to a different person during the occlusion, but many people did not notice the change in who they were providing directions to.<sup>56</sup>
96. Thus, this research suggests that consumers may not notice if price representations change during a shopping process. If consumers pay attention to a base price provided early in the process, and then do not notice that later additional fees are added, and that totals or subtotals have changed to include the additional fees, or that the amount associated with the additional fees themselves change as items are added to the shopping basket, then they will be more likely to underestimate the total cost of a purchase, be more likely to buy, with drip than with non-drip pricing.

#### ***4.1.3.3 Time pressure impacts consumers engagement with information***

97. In some shopping situations, consumers are put under time pressure, for example when countdown clocks require them to complete an action in a fixed amount of time, or when messages highlight scarcity in product availability. The academic literature on time pressure suggests that customers who make decisions under time pressure are not able to fully attend to all the information that firms provide, especially if that information is not made salient. More specifically, this body of research has found that when consumers are distracted and/or have limited time to process information, they tend to not be able to fully evaluate all relevant information

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<sup>56</sup> Levin, Daniel T., and Daniel J. Simons (1997), "Failure to Detect Changes to Attended Objects in Motion Pictures," *Psychonomic Bulletin & Review*, 4 (4), 501-506.

and tend instead to focus only on a more limited set of information, such as the information that is made most salient to them or the information deemed to be most important.<sup>57</sup>

98. Overall, this literature has suggested that consumers engage in less thorough information processing when they are under time pressure.<sup>58</sup> The literature has also suggested that consumers are more prone to use decision heuristics when they are under time pressure.<sup>59</sup> For example, when people's cognitive resources are constrained, they are more likely to accept messages at face value. Consumers have been shown to make different decisions under time pressure than when there is no time pressure because time pressure changes both how consumers access information and how they integrate information when making decisions.<sup>60</sup>
99. Research by Kruglanski and Freund<sup>61</sup> and Sanbonmatsu and Fazio<sup>62</sup> argued that in order for people to process information in a systematic fashion they need to be motivated to do so, but importantly also need to have the time to do so. They both found that time pressure led people to be more likely to use heuristics and to be less likely to systematically process information. For example, Kruglanski and Freund found that people were more influenced by information they saw early in a process than information

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<sup>57</sup> Bettman, James R., Mary Frances Luce, and John W. Payne (1998), "Constructive Consumer Choice Processes," *Journal of Consumer Research*, 27 (September), 233-248; Payne, John W., James R. Bettman, and Eric J. Johnson (1988), "Adaptive Strategy Selection in Decision Making," *Journal of Experimental Psychology: Learning, Memory, and Cognition*, 14 (3), 534-552; Shugan, Steven M. (1980), "The Cost of Thinking," *Journal of Consumer Research*, 7 (September), 99-111.

<sup>58</sup> Dhar, Ravi, and Stephen M. Nowlis (1999), "The Effect of Time Pressure on Consumer Choice Deferral," *Journal of Consumer Research*, 25 (4), 369-384.

<sup>59</sup> Nowlis, Stephen M. (1995), "The Effect of Time Pressure on the Choice between Brands that Differ in Quality, Price, and Product Features," *Marketing Letters*, 6 287-295.

<sup>60</sup> Ordonez, Lisa and Lehman Benson III (1997), "Decisions under Time Pressure: How Time Constraint Affects Risky Decision Making," *Organizational Behavior and Human Decision Processes*, 71 (August), 121-140.

<sup>61</sup> Kruglanski, Arie W. and Tallie Freund (1983), "The Freezing and Unfreezing of Lay Inferences: Effects of Impressional Primacy, Ethnic Stereotyping and Numerical Anchoring," *Journal of Experimental Social Psychology*, 19 (September) 448-468.

<sup>62</sup> Sanbonmatsu, David M. and Russel H. Fazio (1990), "The Role of Attitudes in Memory-Based Decision Making," *Journal of Personality and Social Psychology*, 59 (October), 614-622.

they saw later (i.e., a primacy effect) and that this tendency was even greater when people were under time pressure, which was operationalized as telling them they only had three minutes to complete a task. They also found that people were more prone to the effects of numerical anchors when they were under time pressure (again operationalized as being told they only had three minutes to complete a task).

100. Importantly these effects of time pressure have been shown to hold even when people were motivated to systematically process information. Greater levels of time pressure lead people to use fewer pieces of information to form a judgment.<sup>63</sup> Thus, time pressure affects consumers' judgments and their choices because it negatively affects their ability to search for and interferes with their ability to systematically and carefully process information.<sup>64</sup>

101. Research has examined anchoring effects under time pressure in pricing domains.<sup>65</sup> This research focused on the effects of reference prices provided by retailers under time pressure. The authors argued and showed that time pressure leads to stronger reference price effects, because time pressure constrains people's cognitive resources.<sup>66</sup> More specifically, they showed that under time pressure, consumers are much more likely to accept an offer at face value, and to be less skeptical of an offer where a retailer has provided an unusually high advertised reference price. They argued that consumers' normal skepticism for this marketing tactic is

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<sup>63</sup> Ordonez, Lisa and Lehman Benson III (1997), "Decisions under Time Pressure: How Time Constraint Affects Risky Decision Making," *Organizational Behavior and Human Decision Processes*, 71 (August), 121-140.

<sup>64</sup> Park, C. W, Eashwer S. Iyer, and Daniel C. Smith (1989), "The Effects of Situational Factors on In-Store Grocery Shopping Behavior: The Role of Store Environment and Time Available for Shopping," *Journal of Consumer Research*, 15 (March), 422-433.

<sup>65</sup> Krishnan, Balaji C., Sujay Dutta, and Subhash Jha (2013), "Effectiveness of Exaggerated Advertised Reference Prices: The Role of Decision Time Pressure," *Journal of Retailing*, 89 (1), 105-113.

<sup>66</sup> E.g., see Ordóñez, Lisa and Lehman Benson III (1997), "Decisions under Time Pressure: How Time Constraint Affects Risky Decision Making," *Organizational Behavior and Human Decision Processes*, 71 (August), 121-140.

reduced under time pressure. A series of experiments provided evidence that when consumers are under time pressure (vs. when there is no time pressure), they respond much more favorably to a retailer's offer that includes an exaggerated reference price versus one that includes a plausible reference price. Across the studies, time pressure was manipulated by either using a promotion that was only believed to be available for a limited time or by telling research participants they only had two minutes to make their decision. They also provided evidence that under time pressure consumers pay more attention to, focus on, and use what is most salient in a marketer's message, and underweight or ignore completely less salient information.

102. Overall, this body of research suggests that in an online shopping context, time pressure will lead consumers to make decisions based on incomplete information and with greater reliance on more salient information. This research suggests that consumers will be more influenced by base prices (vs. information about additional fees) when they are under time pressure as anchoring effects and primacy effects are enhanced with time pressure. Thus, time pressure will only serve to enhance the effects of partitioned and drip pricing: that consumers will underestimate total costs and be more likely to buy.

***4.2 Question No. 2: What impacts could Cineplex's representations with respect to the sale of tickets on its Website and in the App be expected to have on consumers' a) perception on the price to be paid for tickets? b) behaviour, including purchasing decisions?***

103. To answer this question, I first go through the ticket purchase process on both the website and the app to analyze the information presented. In the

second part, I provide my opinions on the answers to the two questions asked.<sup>67</sup>

#### **4.2.1 Cineplex website and app representations**

104. I created my own Cineplex account and did two different movie searches on the Cineplex website and in the Cineplex app on December 19, 2023 and December 20, 2023. I conducted these searches using a Dell UltraSharp 27 inch external monitor connected to my Lenovo ThinkPad T14s laptop to view the website and an iPhone 14 Pro, which has a 6.1 inch screen, to view the app.
105. Below I report what I observed for each of these searches. I display screen captures below for what appeared on my screen both with and without scrolling to lower parts of the web page or app, but recognize that what consumers see and the extent to which they need to scroll down will depend on monitor size and display settings used or the device that the app is installed on.
106. I review below a search I did on the Cineplex website for the 5:00pm showing, on December 21, 2023, of the movie “*Wonka*,” in “Regular” form, at the Cinéma Banque Scotia Montréal, located at 977 rue Sainte-Catherine Ouest, Montréal, Quebec, both on the website and in the app. To purchase tickets online I went through the following steps:
- (1) select movie, time, theatre location, and experience;
  - (2) log into my account;
  - (3) select number and type of tickets on the “Tickets” page;
  - (4) select seats on the “Seat Selection” page;

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<sup>67</sup> I also reviewed the mobile version of the website and note that it is almost identical to the website so I do not consider it separately.



(5) select payment options on the “Payment Options” page; and

(6) purchase tickets on the “Payment” page.

107. Each subsection below corresponds to a step in the purchase process and contains screen captures taken during each step.

#### 4.2.1.1 *Select movie date, time, location, and experience*

108. To select the movie *Wonka*, I first had to scroll through the following screens on the website (see Figures 1 and 2) and in the app (see Figures 3 and 4) to find this movie. Note since the movie I was searching for appeared in my first views as shown below, I did not have to scroll to look for it, so I did not include screen captures that involve scrolling to the bottom of the page, though for completeness I did review the content below what is shown below.

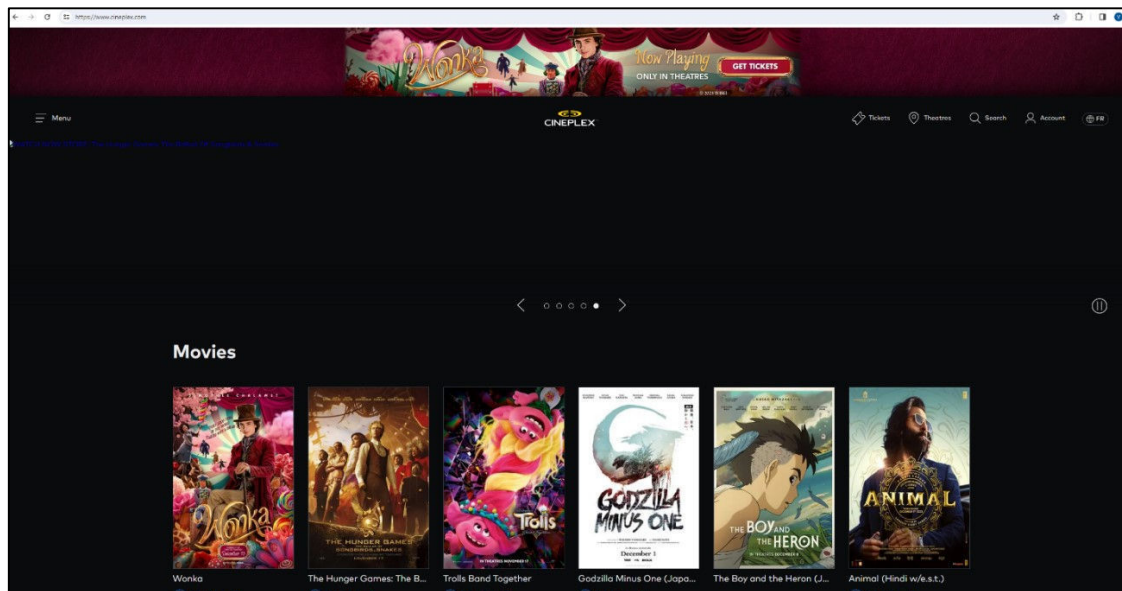


Figure 1 – Website – searching for a movie on the homepage

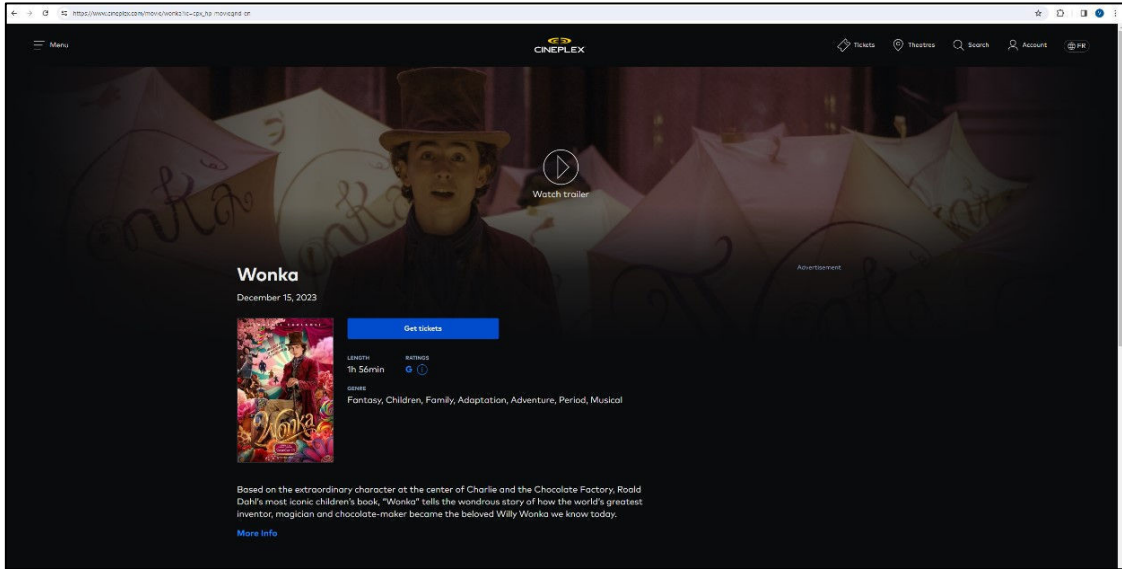


Figure 2 – Website – confirming the movie selection

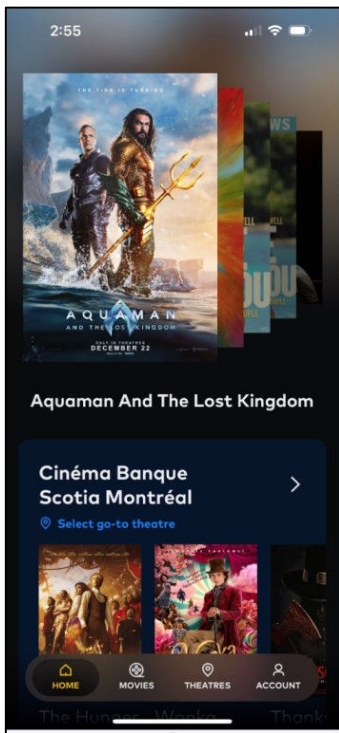


Figure 3 – App – searching for a movie



Figure 4 – App – confirming the movie selection

109. After selecting the movie *Wonka*, I was brought to a screen where I could see different movie showtimes as depicted in Figure 5 for the website. For the app I scrolled down from what was shown in Figure 4 to see the show times, as shown in Figure 6.

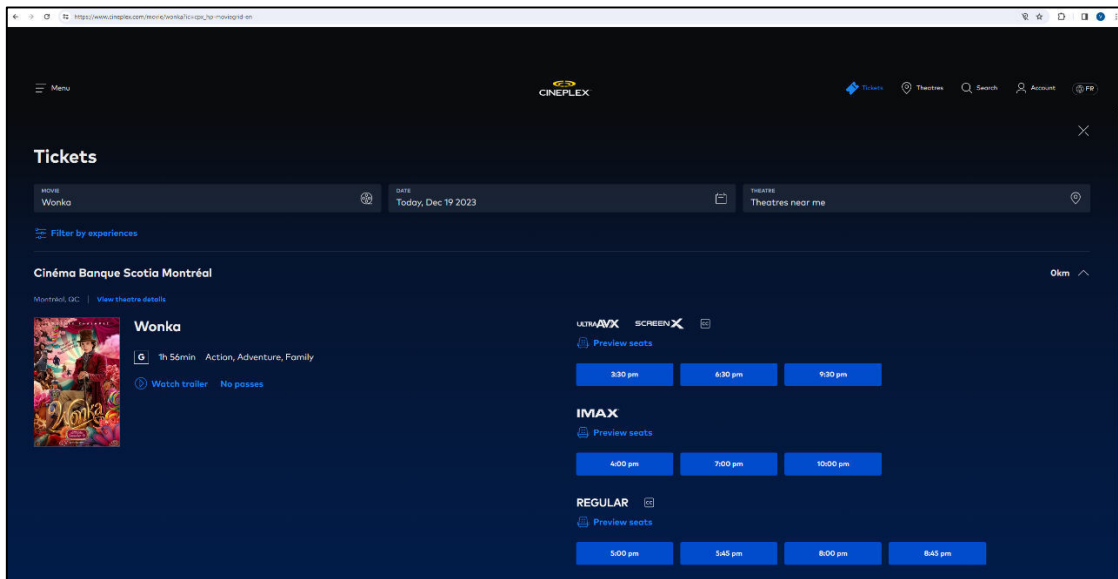


Figure 5- Website - selecting a showtime

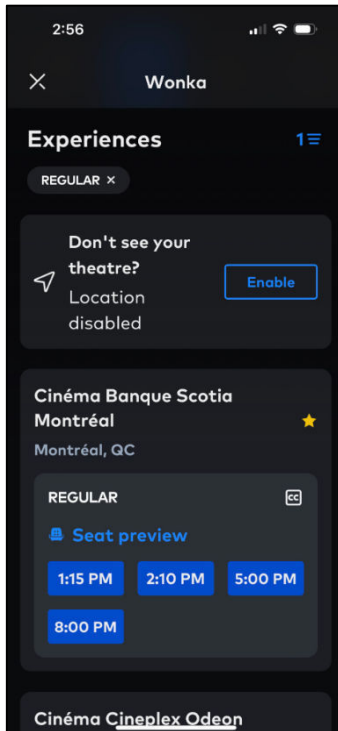


Figure 6 – App – selecting a showtime

110. I note that none of these screens contain price representations or mention the existence of an online booking fee if tickets are purchased online. I also did not see any information about an online booking fee when I scrolled further down any of these pages.

#### **4.2.1.2 Logging in**

111. Before I could proceed to the Tickets page on the website, I had to log into my account. Figure 7 is a screen capture of the prompt to log into my account on the website. After logging into the website I was brought back to what is shown in Figure 5 above. I was already logged into my account on the app.

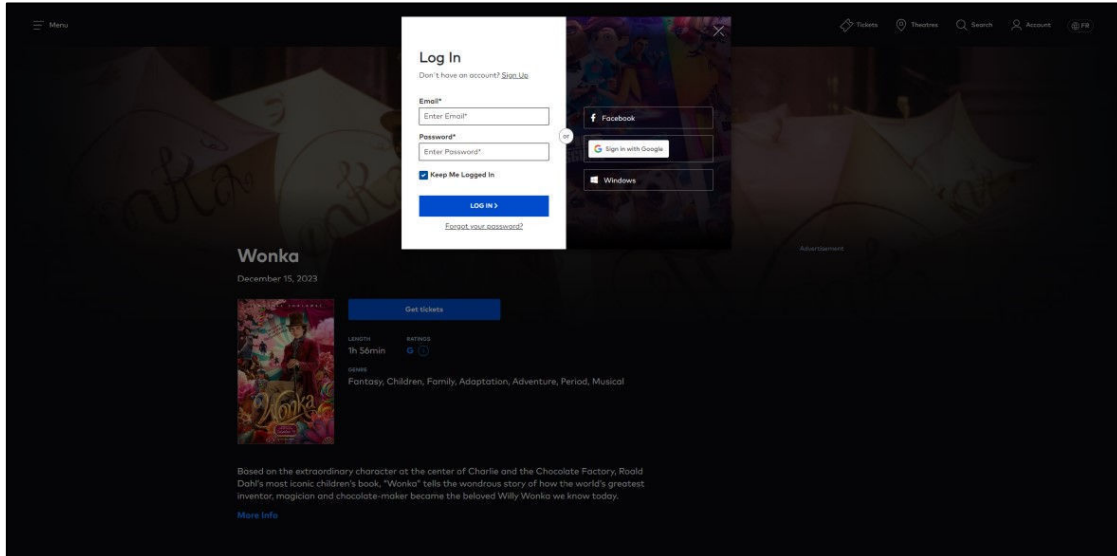


Figure 7 – Website – login screen

### 4.2.1.3 The Tickets page

112. After selecting the date of Thursday, Dec 21, 2023, and the 5:00 pm showing for Regular viewing, I was brought to the Tickets page. Since this is where the price representations at issue are made, I will go into more detail discussing what is shown on this page. In order to view the entire Tickets page on the website and in the app, including information about the online booking fee, I was required to scroll down the page on both of the devices I was using.

113. As I describe in more detail below, it is possible for consumers to proceed to the next step of the ticket purchasing process without scrolling to the bottom of the Tickets page. However, for the purposes of analyzing the representations:

- (1) I analyze the information presented on the first view of the Tickets page;
- (2) I scroll down to the bottom of the Tickets page and analyze the information presented when no tickets have been selected;

(3) I scroll back to the top of the page to select tickets and analyze this information; and

(4) I scroll back to the bottom of the page once I have selected tickets.

114. Note what I see before and after scrolling is slightly different on the website and the app. I first describe (in the “Tickets page first view” section below) the common content that appears on both the website and the app before scrolling. I describe any content that appears after scrolling on either the website or the app in the “Bottom of the Tickets page first view” section below, although, as I also note when describing those sections, some of that content actually appears before scrolling on the website, as can be seen from the screen captures that follow.

#### 4.2.1.3.1 Tickets page first view

115. The devices I was using for both the website and the app could not display the entire Tickets page without scrolling down the page. Figures 8 and 9 are captures of what Cineplex displayed on screen when the Tickets page initially loaded on the website and in the app respectively.

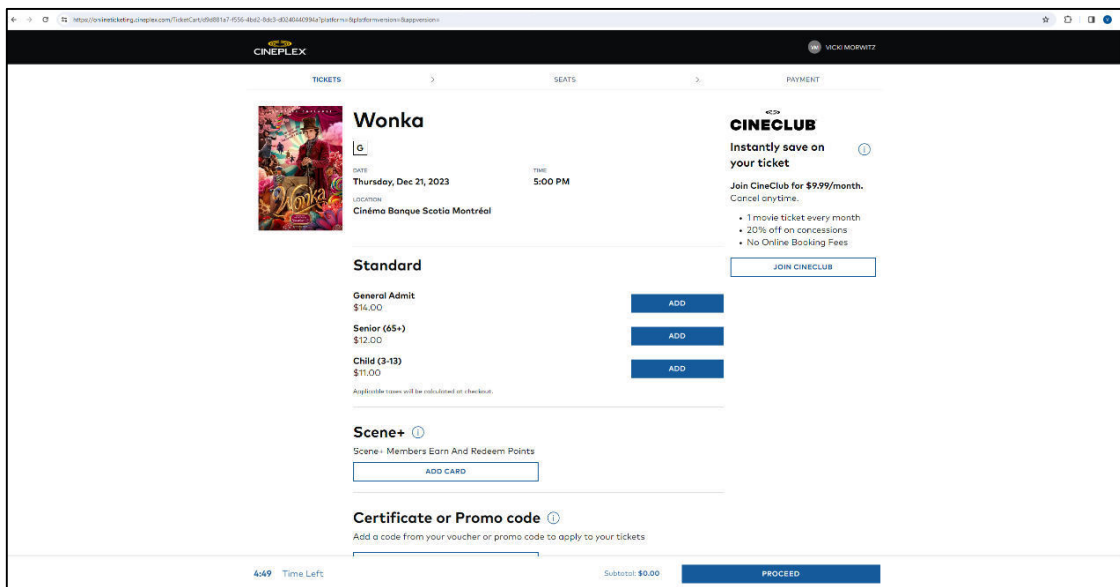


Figure 8 – Website – tickets page

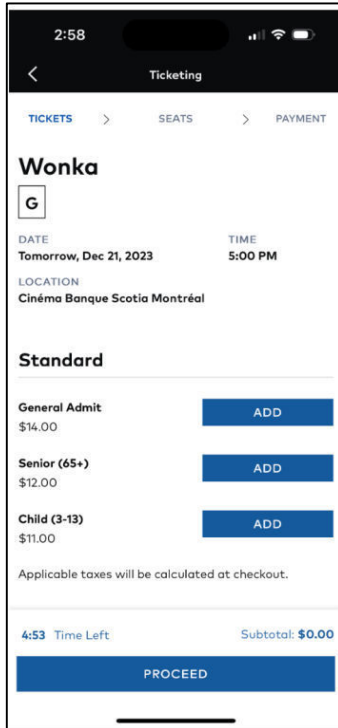


Figure 9– App – tickets page

116. On that first view of the Tickets page, in the middle of the page, prices are provided for tickets for three different age groups of consumers under the header “Standard.” General admit prices are listed as \$14.00, ticket prices for seniors (people 65+) are listed as \$12.00, and ticket prices for children ages 3-13 are listed as \$11.00. Next to each of these prices are blue ADD boxes that consumers can click to select one or more tickets of that price. Below these prices, and in a smaller font, is a mention that “Applicable taxes will be calculated at checkout.”

117. I note that there is no mention next to these prices that these refer to the prices consumers would pay if they purchased tickets at the theater, nor is there any mention that unless consumers belong to the CineClub, an additional online booking fee will be added to these ticket prices. I also note that the small print disclosure that informs consumers that taxes will be added at checkout does not mention that an additional online booking fee may also be added. Importantly, except for CineClub members, tickets could not actually be obtained through the website or the app for the base

prices listed, because additional online booking fees would later be added to these prices.

118. One difference between the website Tickets page and the app Tickets page is that on the website in the upper right corner of this screen is information about CineClub. Consumers are informed that for a \$9.99 monthly charge they receive one ticket every month, a 20 percent discount on concessions, and that there are no online booking fees. This disclosure does not provide consumers with full information about online booking fees, as it does not explain what they are, nor does it explain what they cost, nor when they are charged. Also, consumers may ignore this section of the web page if they are not interested in joining the CineClub.
119. On my view of the website before scrolling to the bottom part of the page (as shown in Figure 8), but not on the app, I also see a section with the header “Scene+” and the upper portion of a section with the header “Certificate or Promo code.” Since I can only see those two sections and the section below that after scrolling on the app, I discuss these two sections in the “Bottom of the Tickets page first view” section of this report.
120. On the bottom of this first screen in both versions of the Tickets page is a ‘floating ribbon.’ On the left side of the floating ribbon is a countdown clock informing consumers how much time they have left to make their purchase decision (Note that several times during my search the countdown clock reached zero and I had to restart my search. For that reason, the times shown as remaining on the countdown clocks in the screen captures below are not always in decreasing order.). To the right of the countdown clock is a “Subtotal,” which is set to \$0.00 before any tickets are added. To the right of that on the website, and below that on the app, is a PROCEED button in a blue box which consumers can click on to proceed to the next stage of the purchase process after they have selected at least one ticket to purchase. Regardless of how far down the page I scroll, the floating ribbon always remains anchored at the bottom of my screen.



#### 4.2.1.3.2 Bottom of the Tickets page first view

121. Consumers could move on by selecting tickets and clicking on the PROCEED button in the floating ribbon if they wanted to, without first scrolling to the bottom of the Tickets page, but if they decided to, consumers could instead scroll further down the Tickets page. If they did scroll down, they would see additional information (shown below in Figures 10 for the website and 11 for the app). I again note that what they see prior to and after scrolling would depend on the size of their monitor and the display settings or the device that the app is installed on. What I write about below is based on the screen captures I observed on my own computer and iPhone.

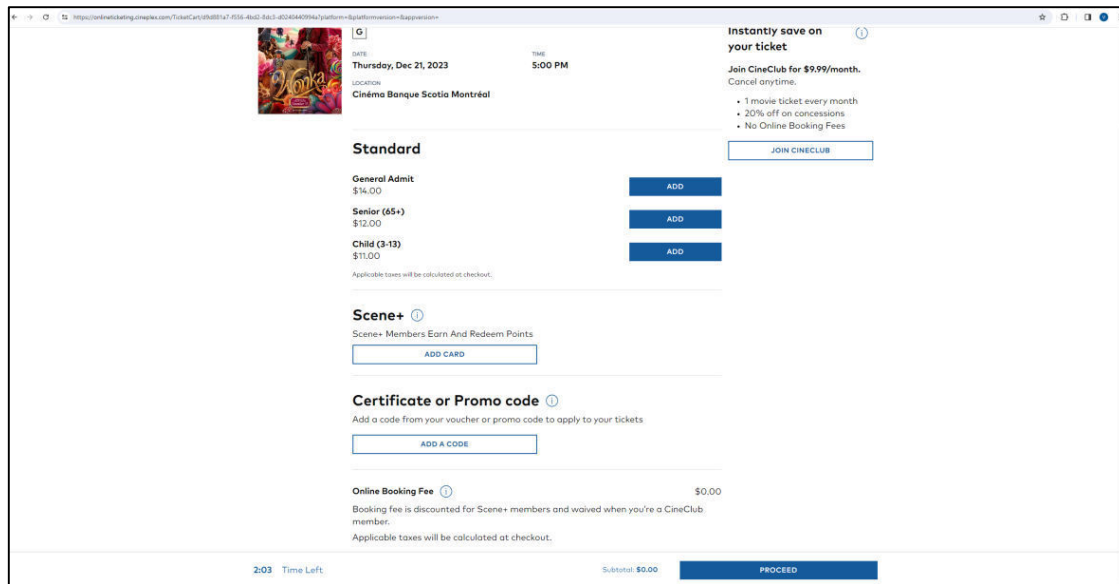


Figure 10– Website – tickets page, after scrolling

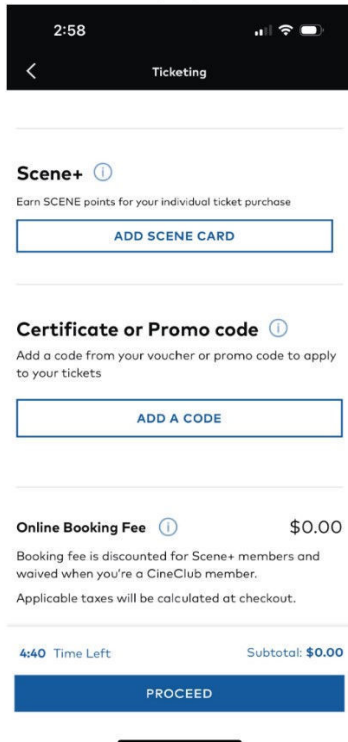


Figure 11 – App – tickets page, after scrolling

122. Below the “Standard” section that provides the advertised ticket prices is a header labeled “Scene+,” which states that Scene+ members can earn and redeem points, and a button for members of Scene+ to add their membership card. There is also a blue circle with an “①” in it next to the header “Scene+,” which consumers can click on to obtain more information about Scene+, though they are not required to. Figure 12 below is a screen capture of what I observed on the Tickets page, as displayed on the website, when I click on the blue “①” button. Figure 13 shows that this same information appears when I click on this button in the app. I note that this section neither provides information about base ticket prices, nor does it provide information about the online booking fee for customers overall nor for Scene+ members.

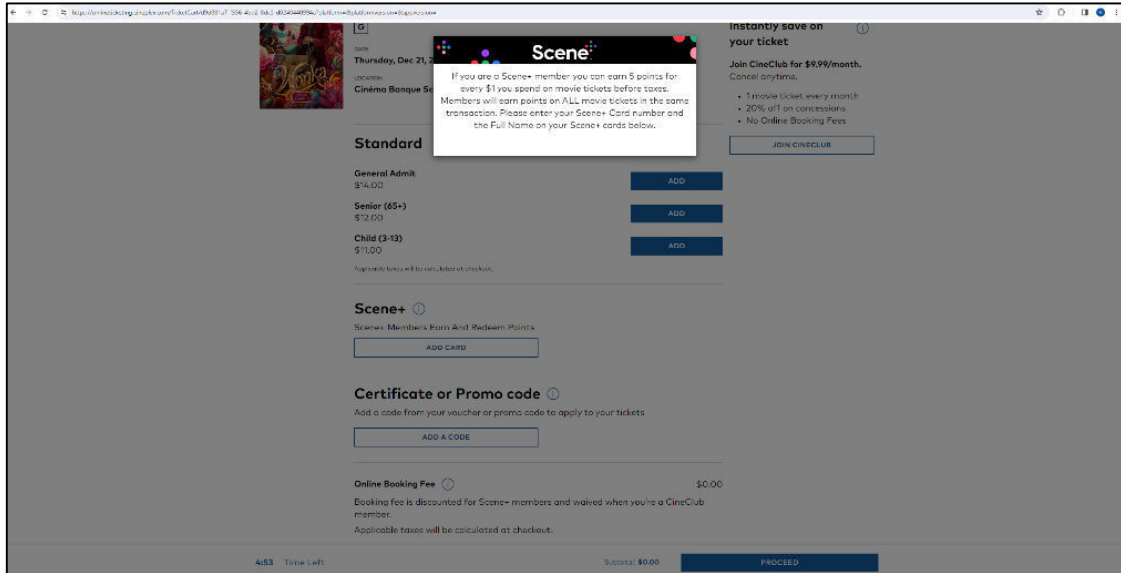


Figure 11– Website – tickets page, Scene+ pop-up

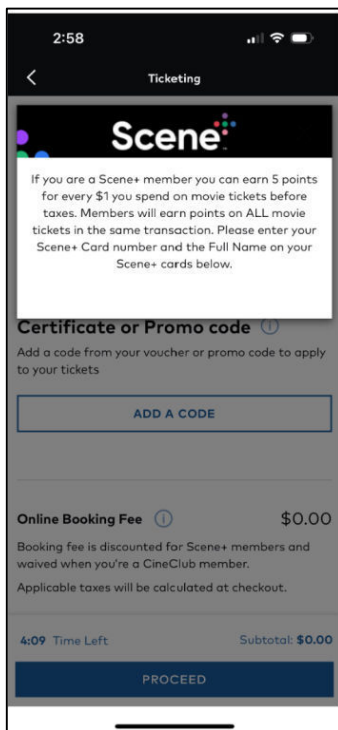


Figure 12– App – tickets page, Scene+ pop-up

123. Below that is a header “Certificate or Promo code” and next to that is another blue circle with an “i” in it. If consumers click on this button, they can learn more about certificates and promo codes, though they are not

required to. Below that are instructions to “Add a code from your voucher or promo code to apply to your tickets.” Below that is a blue box that consumers can click on to add a code. Figure 14 below is a screen capture of what I observed when I click on this button on the website and Figure 15 shows that the same information appears when I click on this button on the app. I note that this section, like the one above it, neither provides information about base ticket prices, nor does it provide information about the online booking fee. However, it may be related to price in that once consumers enter a code, I assume there may be a discount on their ticket prices.

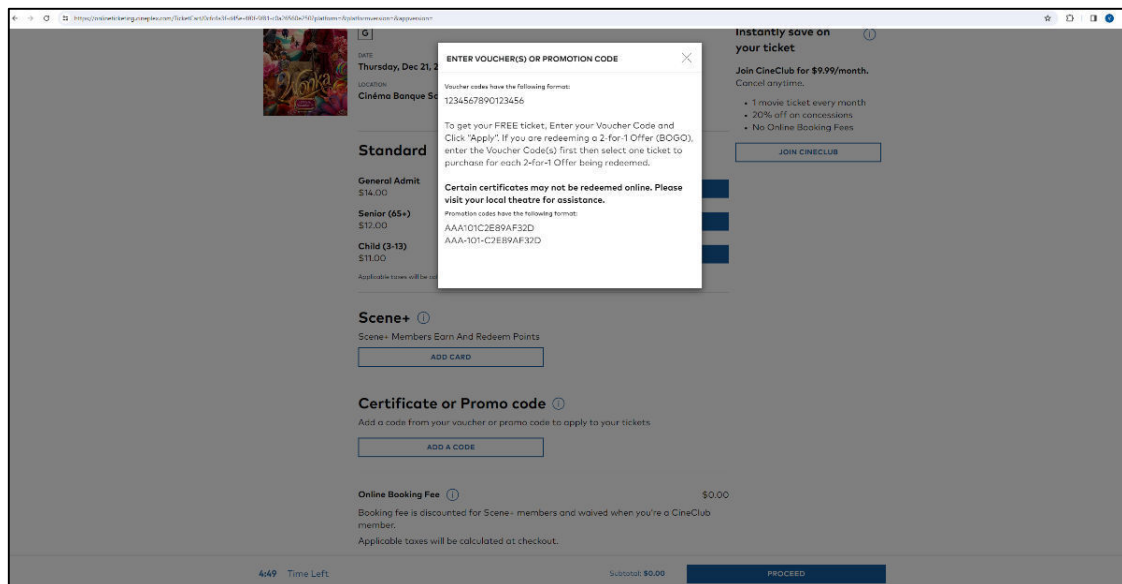


Figure 13 – Website – tickets page, Certificate/Promo code pop-up

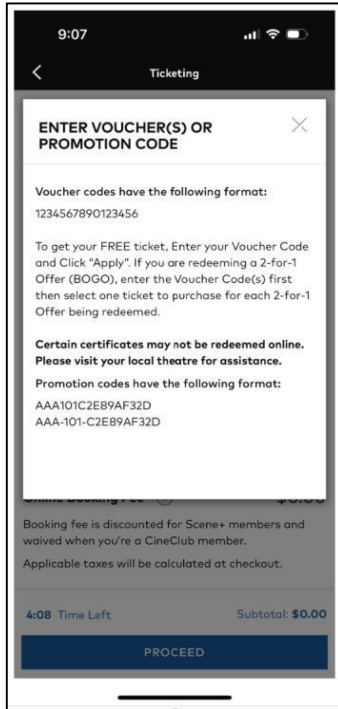


Figure 14– App - tickets page, Certificate/Promo code pop-up

124. Below that is a header in smaller font than the three headers above it. This header is labeled "Online Booking Fee." Next to it is another blue circle with an "i" in it. Consumers do not need to click on that "i" and only if they do, do they see the information shown in Figure 16 below if they are on the website. Figure 17 shows that the same information is displayed when I click on this button in the app.

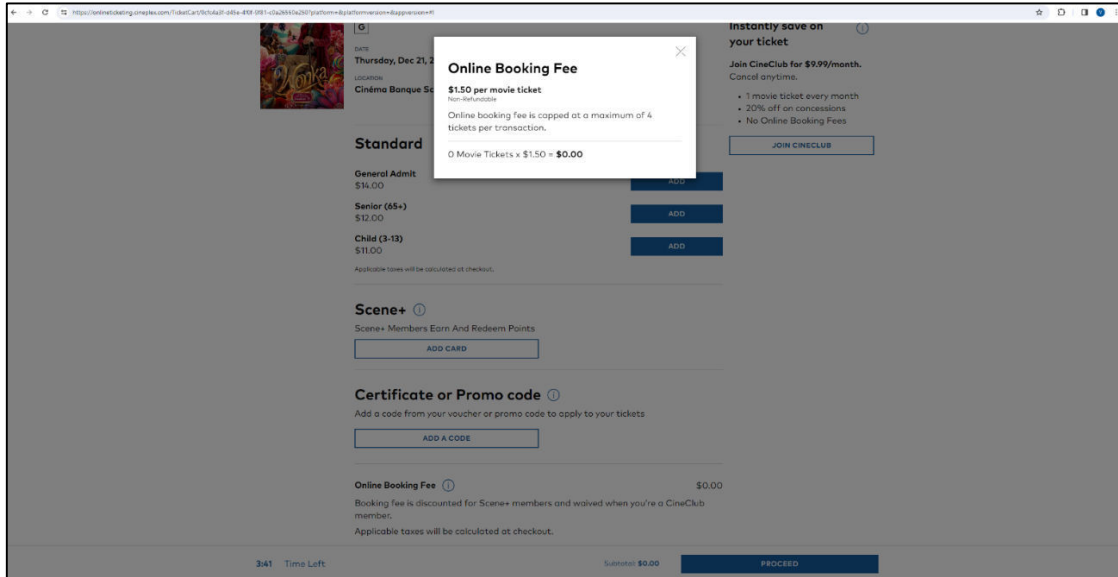


Figure 15 – Website – tickets page, Online Booking Fee pop-up

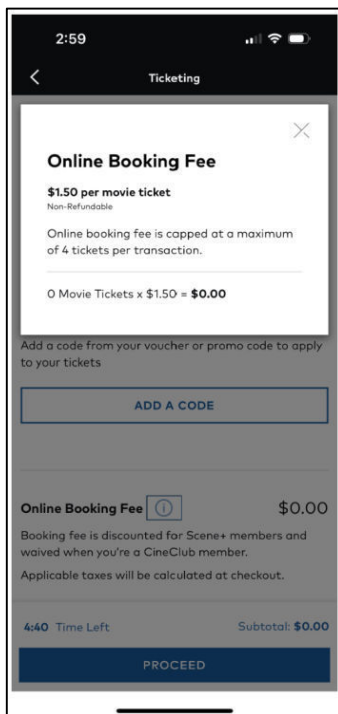


Figure 16– App – tickets page, Online Booking Fee pop-up

125. The pop-up notice, only if clicked by the consumers, states that there is a non-refundable \$1.50 per ticket online booking fee and that the online booking fee is “capped at a maximum of 4 tickets per transaction.” At this

stage, since no tickets were selected, the box states that “0 Tickets x \$1.50 = \$0.00”. The current total for the online booking fee of \$0.00 is in bold font.

126. Since consumers are not required to click on this button, and since doing so involves another step of the purchase process, in my opinion this makes the online booking fee a shrouded attribute.
127. I then closed that box and returned to the screen shown in Figures 10 (for the website) and 11 (for the app) above this one, which consumers would see at the bottom of the Tickets page.
128. To the right of the “Online Booking Fee” header is a price of “\$0.00” which suggests that for this current offering there is no online booking fee. Below the header is a statement that “Booking fee is discounted for Scene+ members and waived when you’re a CineClub member.” No mention is made on this page (unless the consumer clicks on the “i” button next to the header for this section) about the amount of the online booking fee nor the amount of the discount on that fee for Scene+ members. Below that, in the same section is the statement “Applicable taxes will be calculated at checkout.”
129. Regardless of whether the consumer scrolls to the bottom of the webpage, the floating ribbon with the timer, a subtotal set at this point to \$0.00, and a blue PROCEED button consumers can click on to proceed to the next step of the purchase process once they have selected a ticket remains at the bottom of the screen.
130. Nowhere on this screen (unless the consumer clicks on the “i” next to the “Online Booking Fee” header) is there any indication that an online booking fee will be added to the orders of all customers who do not belong to the CineClub, nor is any information provided about what will be the amount of the online booking fee. In addition, no information is provided to inform consumers that the online booking fee can be avoided by leaving the online

platform and instead purchasing the ticket at the theatre. Even if the consumer does click on the “i” button, at this point, the text does not explicitly say that this fee will be added to all orders once tickets are selected.

#### 4.2.1.3.3 Top of the Tickets page with tickets selected

131. In this next section, I scroll back to the top of the screen on both devices. To learn the total price for the purchase, consumers need to select how many tickets of each type they want to purchase. I next added two general admit tickets (listed as being priced at \$14.00 each) and two child tickets (listed as being priced at \$11.00 each) as shown in Figures 18 (for the website) and 19 (for the app) below.

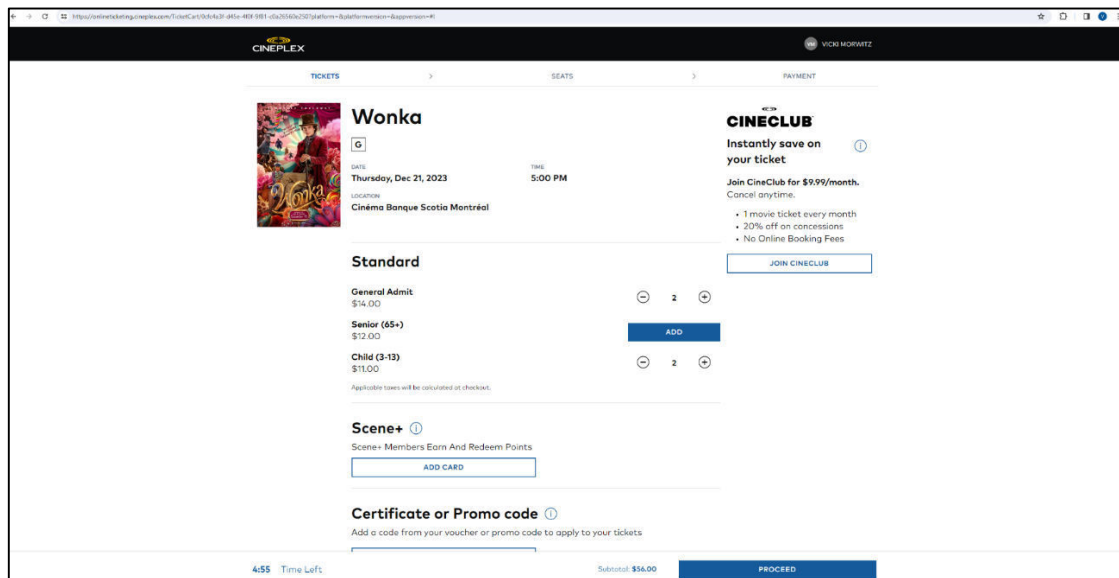


Figure 17 – Website – tickets page, with tickets selected



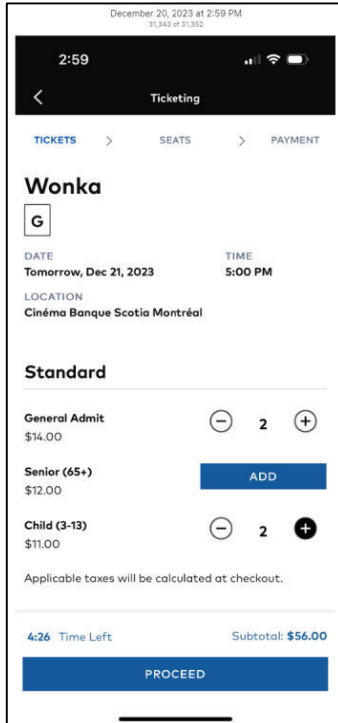


Figure 18 – App – tickets page, with tickets selected

132. At the bottom of both screens in Figures 18 (for the website) and 19 (for the app) above, in the floating ribbon, in small print in a different color font (blue) from the advertised ticket prices, is a subtotal of \$56.00. A consumer would have to use a calculator or do mental math to figure out that this subtotal of \$56.00 is greater than the listed price for 2 general admit and 2 child tickets, which would be \$50.00 ( $(\$14.00 \times 2) + (\$11.00 \times 2)$ ). This subtotal is 12 percent higher than the sum of the listed ticket prices for the selected tickets ( $\$56.00 - \$50.00 / \$50.00$ ) yet at this stage, no information is offered for why this sub-total is higher.

133. Since consumers have no reason to expect the total to be greater than the sum of the tickets, they may not pay much attention to this subtotal and because of change blindness, and because all but one digit of total prices excluding and including the additional online booking fees are the same, they might not notice that this displayed subtotal is more than the total of the selected tickets. The floating ribbon at bottom of the screen contains a

prominent blue PROCEED button which consumers can click on to proceed to the next stage of the purchase process.

134. This means consumers can easily move on without realizing that online booking fees were added, without viewing information about online booking fees, shown lower on the page, and without realizing that the subtotal is greater than the sum of the listed prices for their tickets. The presence of the countdown clock would likely increase the chances that consumers would move on to the next page since they did not have much time left to complete their transaction.

#### 4.2.1.3.4 Bottom of the Tickets page with tickets selected

135. In this next section, I scroll to the bottom of the Tickets page to analyze the information consumers are presented with after they have selected tickets, seen only should they choose to scroll to the bottom of the page before clicking on the PROCEED button in the floating ribbon. These screen captures are shown below in Figures 20 (for the website) and 21 (for the app). For consumers who do scroll down, they would next see the same Scene+ and Certificate or Promo code sections described above, with no changes to what I described in paragraphs 122 and 123 above.

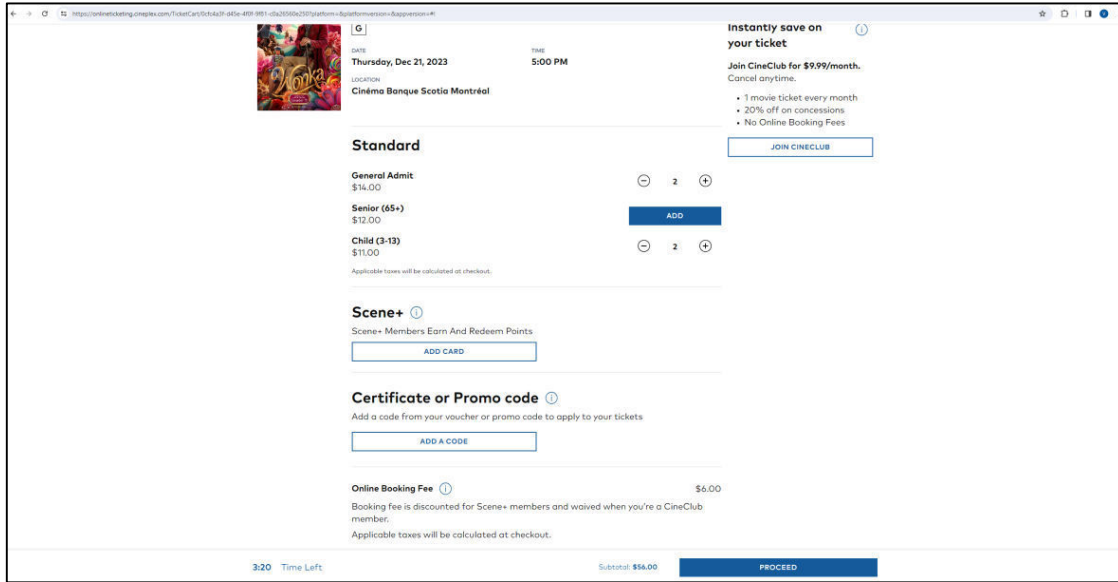


Figure 19 – Website – tickets page, after scrolling, with tickets selected

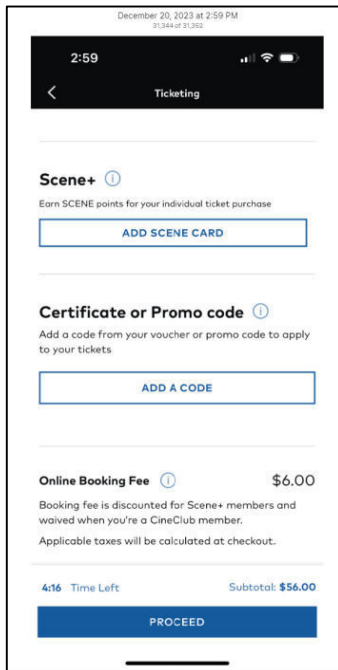


Figure 20 – App – tickets page, after scrolling, with tickets selected

136. Below that, and with a header that is still in a smaller font than the above section, is the header “Online Booking Fee.” This information is identical to what I described above for this section, with the exception that the amount to the right of the Online Booking Fee header is now \$6.00 when earlier it was \$0.00. There is no indication whether this represents a per order online booking fee or a per ticket online booking fee and whether the online booking fee amount is different for general admit or child tickets. This whole section can be easily missed as the information immediately above it is about things other than the displayed price and fees (which, based on the product warning literature, suggests it can lead consumers to miss relevant information) and because consumers can proceed to the next step in the purchase process without viewing this section. Because of change blindness, consumers might not even notice that the total for the online booking fee changed from \$0.00 to \$6.00. Below this information, remains the floating ribbon. The presence of the countdown clock puts the consumer under time pressure and increases the chances that they may not scroll down to this section, or even if they do, to pay adequate attention to this section to notice that online booking fees are now being assessed.
137. The only way consumers could obtain information about how much the booking fee cost per ticket and how many booking fees would be assessed is if they clicked on the “ⓘ” button next to the “Online Booking Fee” header. If they did, they would see what is shown in Figure 22 (for the website) and Figure 23 (for the app):

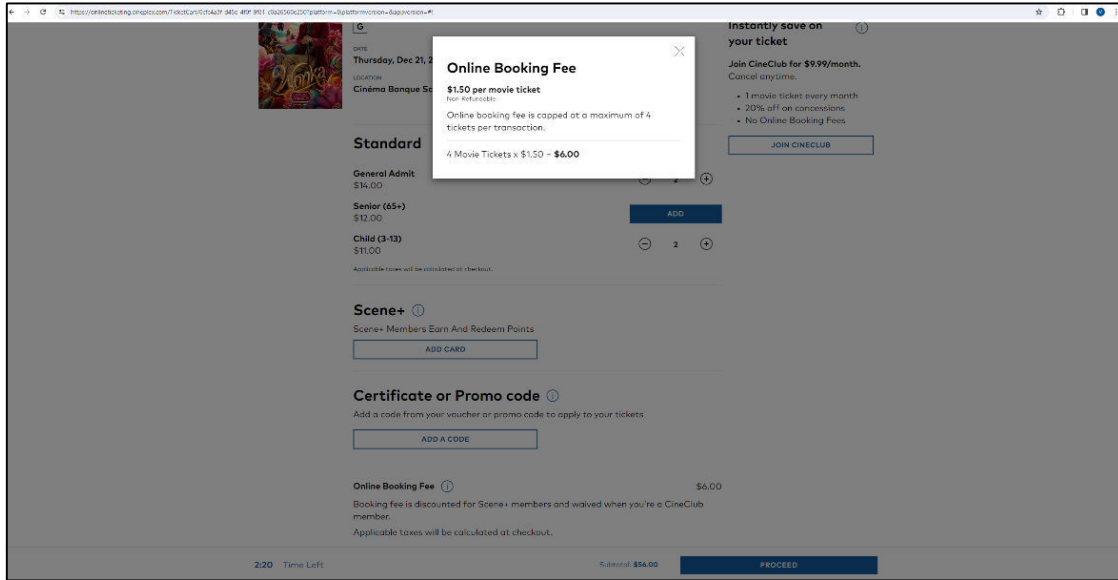


Figure 21 – Website – tickets page, Online Booking Fee pop-up, with tickets selected

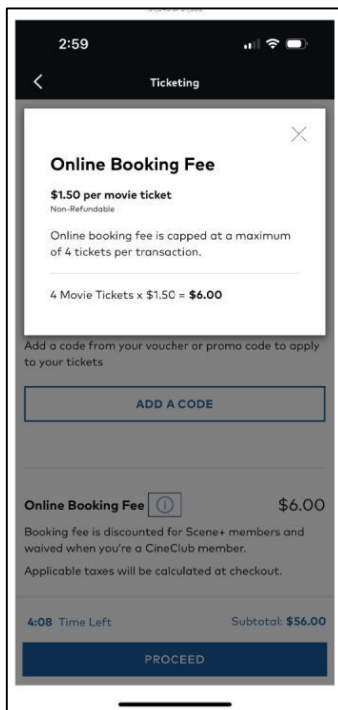


Figure 22 – App – tickets page, Online Booking Fee pop-up, with tickets selected

138. However, consumers may not notice this button, for example if they don't scroll down to this part of the Tickets page. Even if they notice it, they may not know what it is for and therefore may not click on it. And even if they do

believe it will provide information about online fees, they may not click on it either because they clicked on it earlier before adding tickets to the cart (where they saw a salient total of \$0.00), or because they noticed the countdown clock and want to finish their purchase before the time runs out. For example, at one point, while looking at the Tickets page on the website, I received the warning shown below in Figure 24 that I only had 55 seconds left, and at another point while also look at the website, I received the notice shown in Figure 25 that the time had run out. I received similar smessage on the app which are shown in Figure 26 and 27.

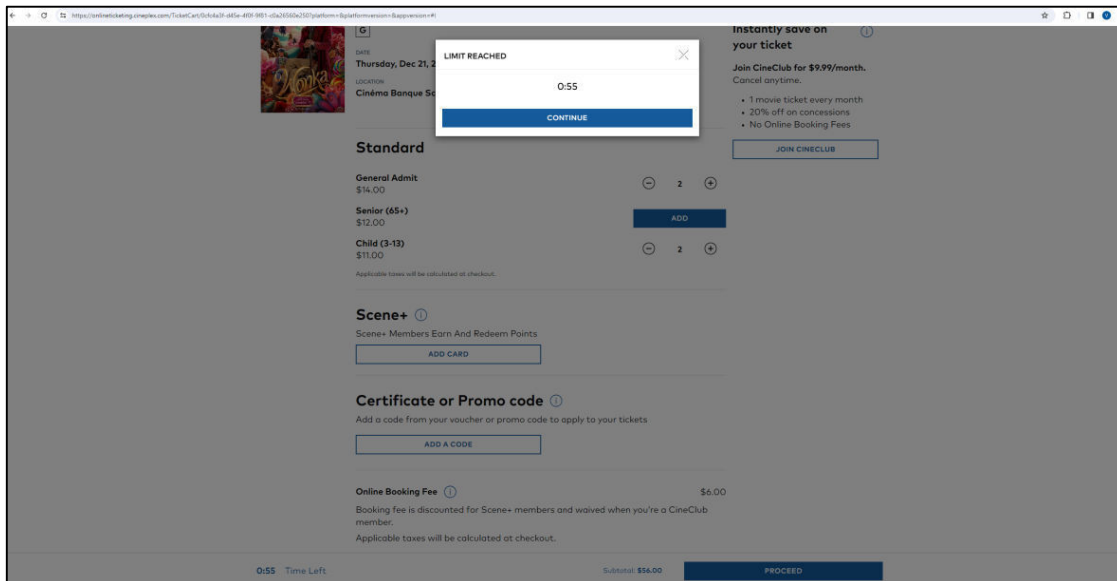


Figure 23 – Website - Tickets page, with countdown clock warning

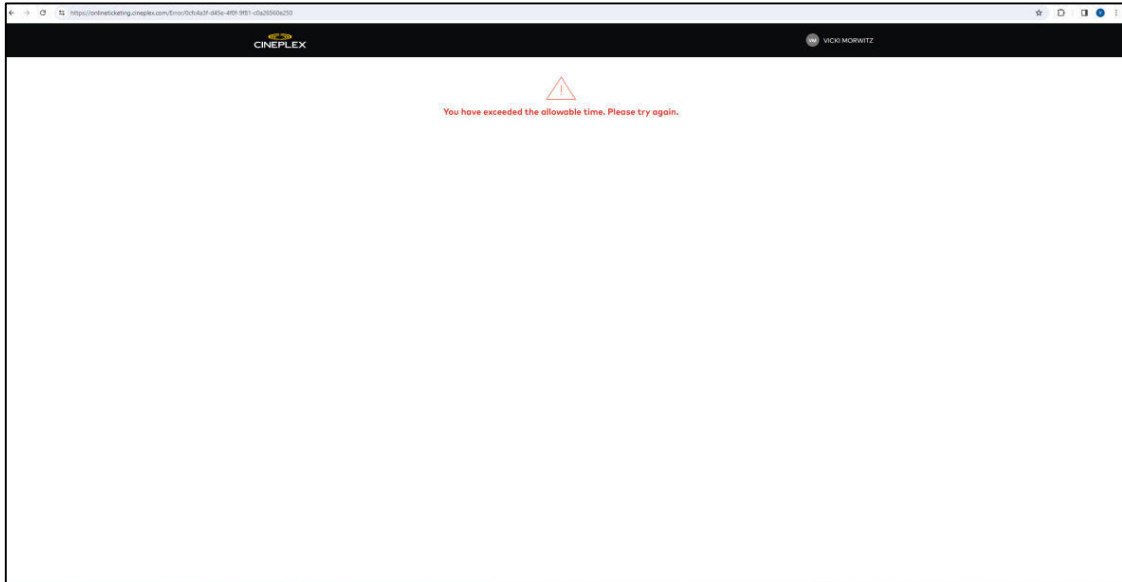


Figure 24 – Website – Tickets page, notice that time had run out

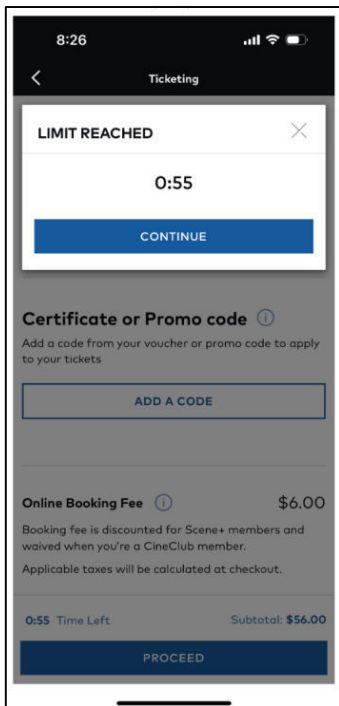


Figure 25 – App – Tickets page, with countdown clock warning

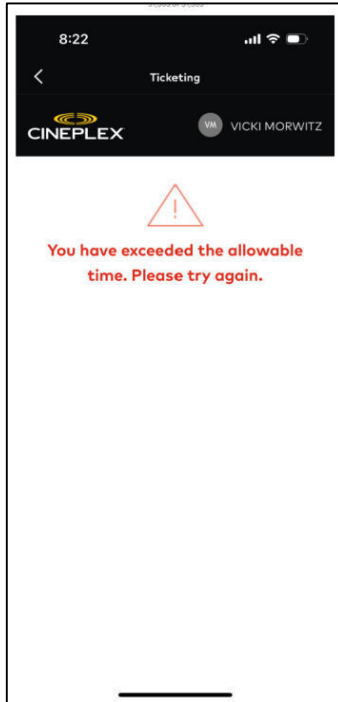


Figure 26 – App – Tickets page, notice that time had run out

#### 4.2.1.4 The Seat Selection page

139. I then clicked on the Proceed button and was brought next to a Seat Selection page. What I saw on the website before scrolling is shown in Figure 28 below and what I saw after scrolling is shown in Figure 29 below. The comparable screen captures for the app are depicted in Figures 30 and 31. For both the website and the app, at the bottom of the page, both before and after scrolling to the bottom, is the floating ribbon with the countdown clock and a “Total” which was now higher than on the prior pages (\$64.38 versus the earlier \$56.00). No reason was provided for why the total was higher, nor was there any explanation why it changed from a “Subtotal” to a “Total,” and no mention was made of online booking fees.



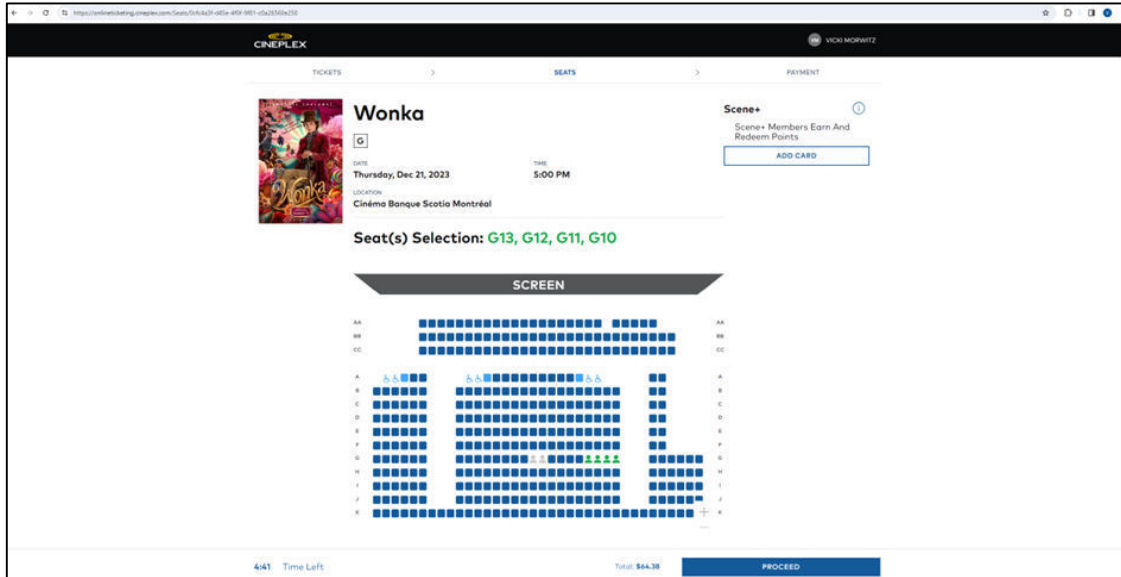


Figure 27 – Website – Seat Selection page

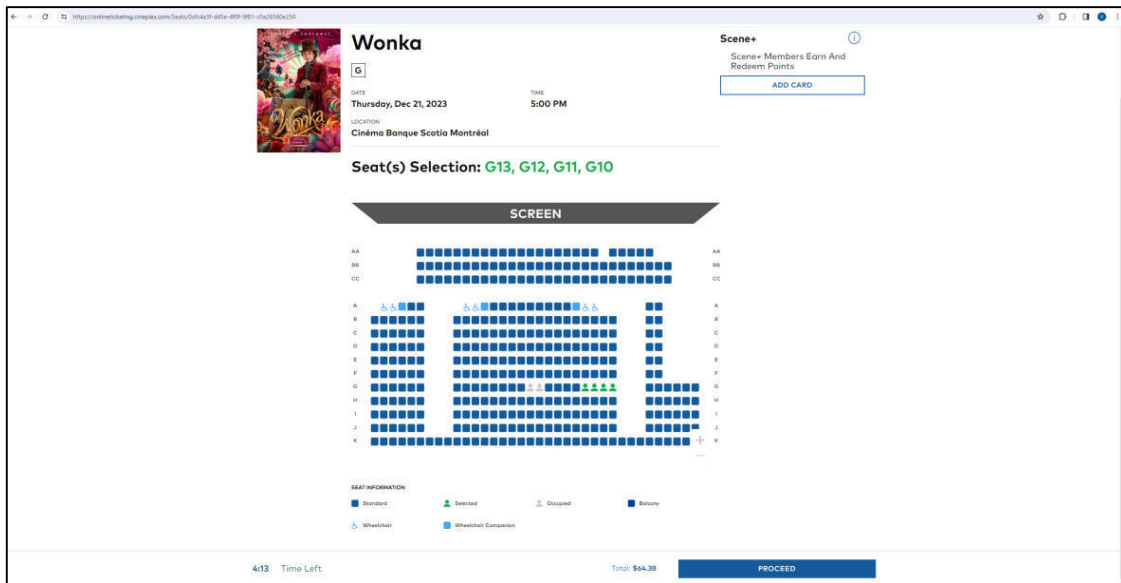


Figure 28 – Website – Seat Selection page, after scrolling

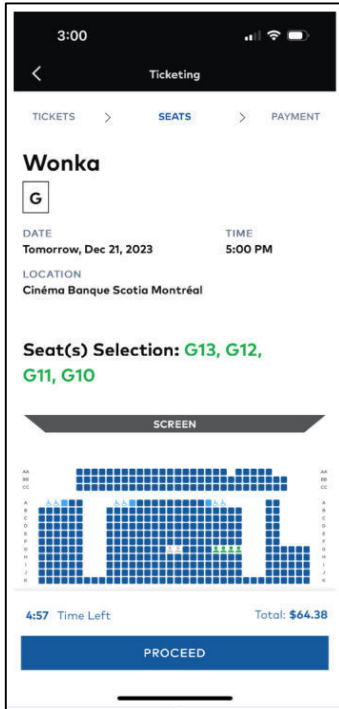


Figure 29 – App – Seat Selection page

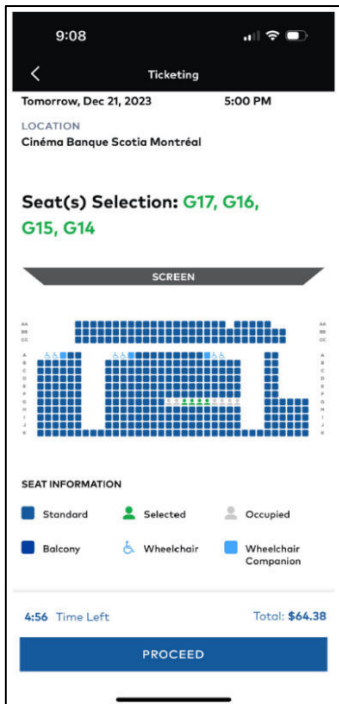


Figure 30 – App – Seat Selection page, after scrolling

### 4.2.1.5 The Payment Options page

140. The next page provided a summary of the order. What I saw on the Payment Options page before scrolling down is shown in Figure 32 below and what I saw after scrolling is shown in Figure 33 below. The comparable screen captures for the app are depicted in Figures 34 and 35.

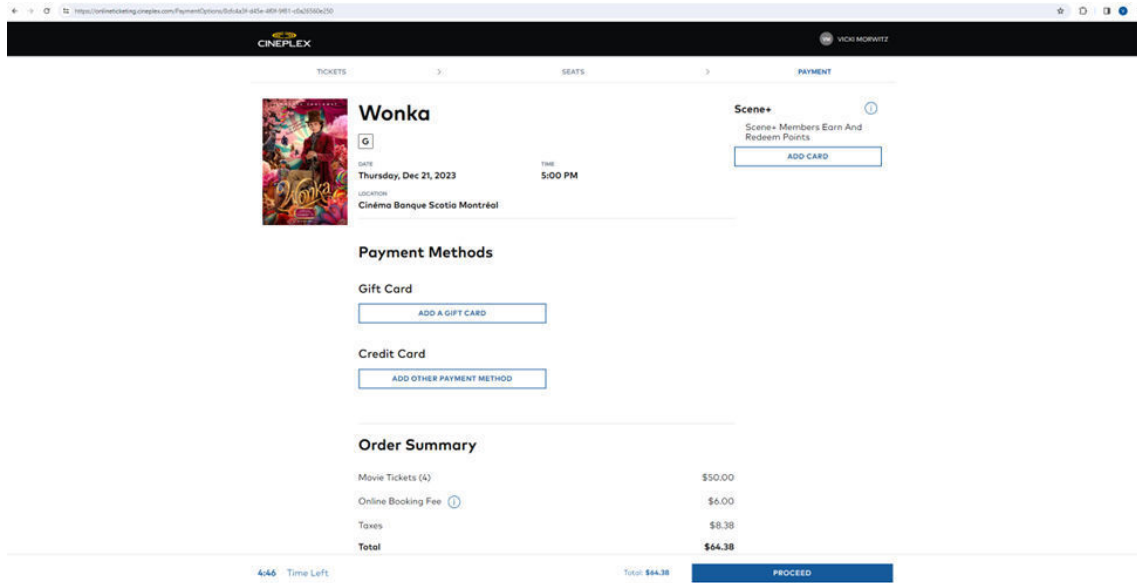


Figure 31 – Website – Payment Options page

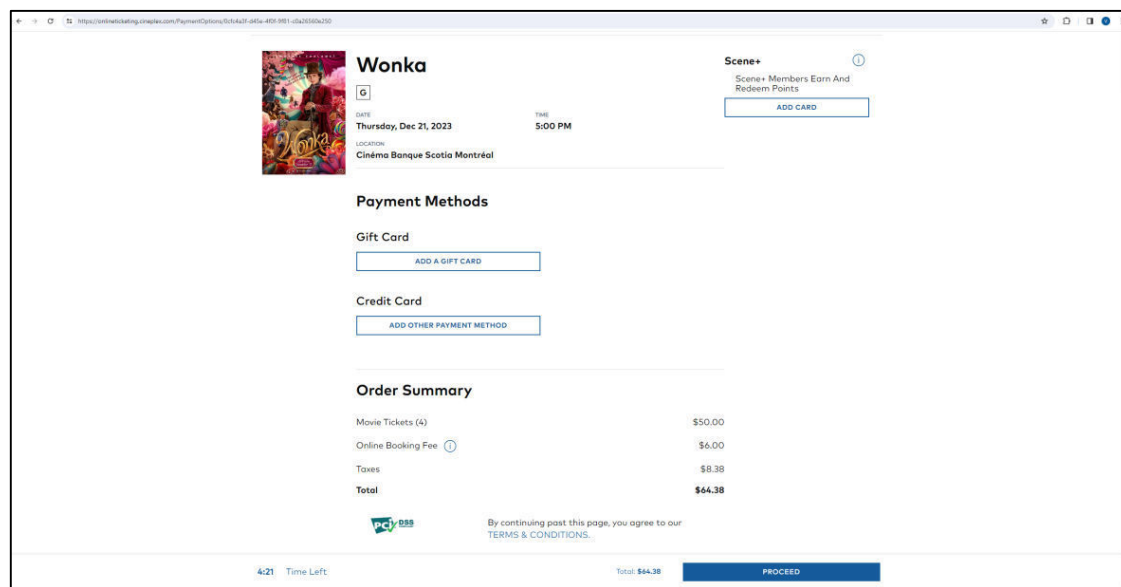


Figure 32 – Website – Payment Options page, after scrolling

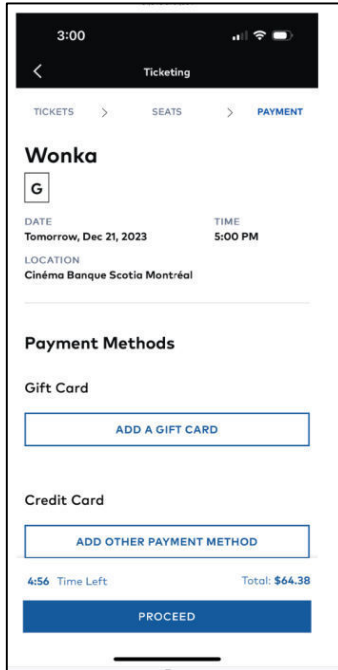


Figure 33 – App – Payment Options page

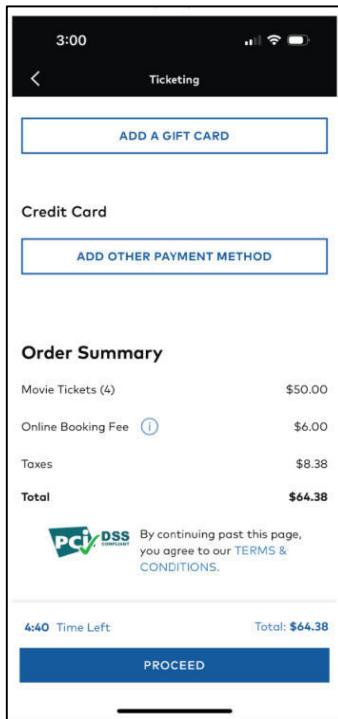




Figure 34 – App – Payment Options page, after scrolling

141. As can be seen in Figures 32 and 33 for the website and Figure 35 for the app, this page breaks down the total price of \$64.38 into the price for four

tickets (\$50.00), the total for the online booking fee (\$6.00), and taxes (\$8.38). I also note that for consumers viewing this on the app, they can only see this breakdown if they scroll to the bottom of the Payment Options page, otherwise they only see the total price as shown in Figure 34. Although this breakdown is provided (including the online booking fee and tax), this happens at a later stage in the purchase process and past research has shown that when fees are dripped, consumers are unlikely to restart their search or make another choice, even when shown a total that is more expensive than first expected. Also because of the presence of the countdown clock and the associated sense of time pressure, and because of change blindness, consumers might not even notice that the total price is higher than initially advertised or expected. If a consumer did carefully examine this page, they would notice that the reason why the price increased from \$56.00 to \$64.38 on the Seat Selection page, is because taxes were added to the total at that stage.

142. The order summary does not provide information about the per ticket amount of the online booking fee or how many tickets were charged an online booking fee. While consumers could obtain that information if they clicked on the “” button next to the online booking fee label, for all the reasons stated above related to this button on prior pages, they may not.
143. Below, Figure 36 shows a screen capture of what is shown when a consumer clicks on the “” button next to the online booking fee label on the website, and Figure 37 shows what happens when the same is done on the app.

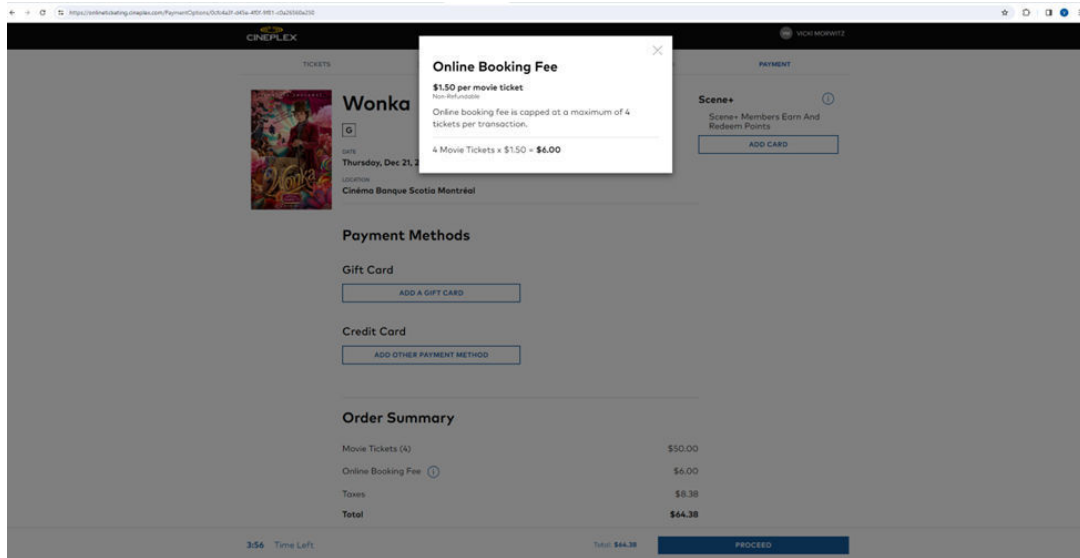


Figure 35 – Website – Payment Options page, Online Booking Fee pop-up

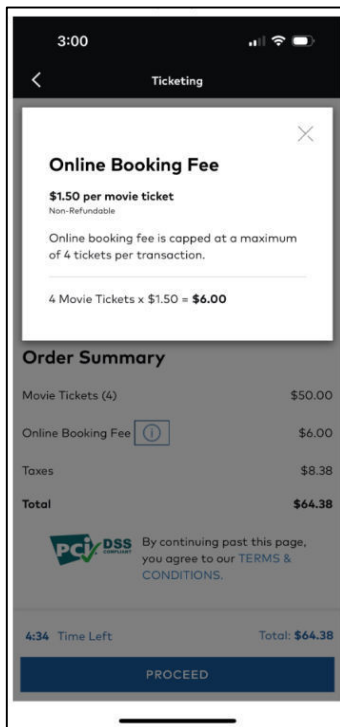


Figure 36 – App – Payment Options page, Online Booking Fee pop-up

#### 4.2.1.6 The Payment page

144. Last, consumers are brought to a page where they can review their order and pay with a credit card, PayPal, and iPhone users can also use Apple Pay in the App. On this page only the total price of \$64.38 is displayed. I terminated the shopping process at this stage and did not purchase the tickets. Figures 38 and 39 show the Payment Page before and after scrolling to the bottom on the Payment page, and Figures 40 and 41 show the same for the app.

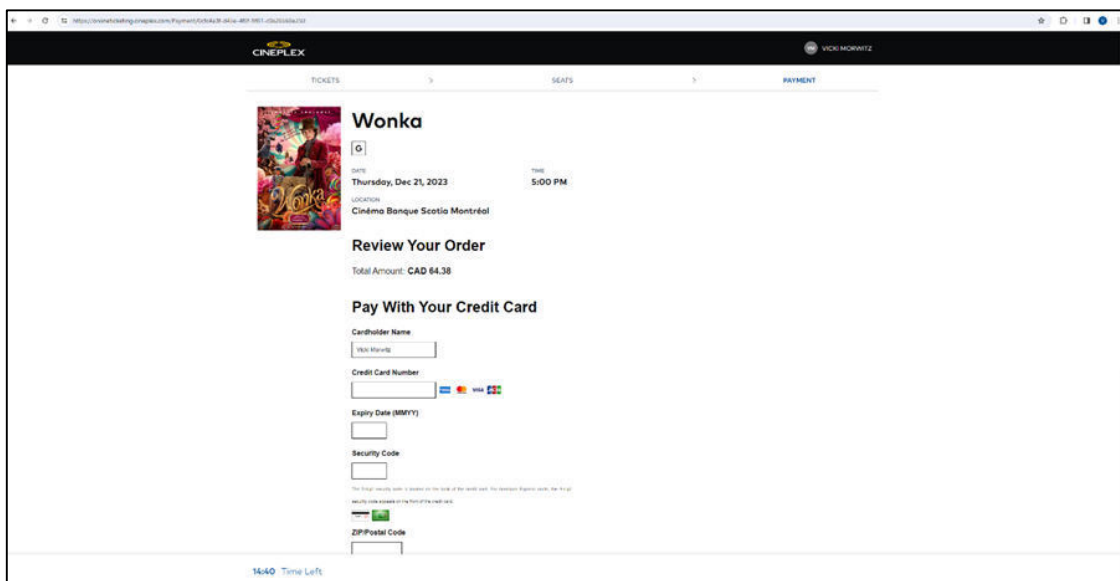


Figure 37 – Website – Payment page

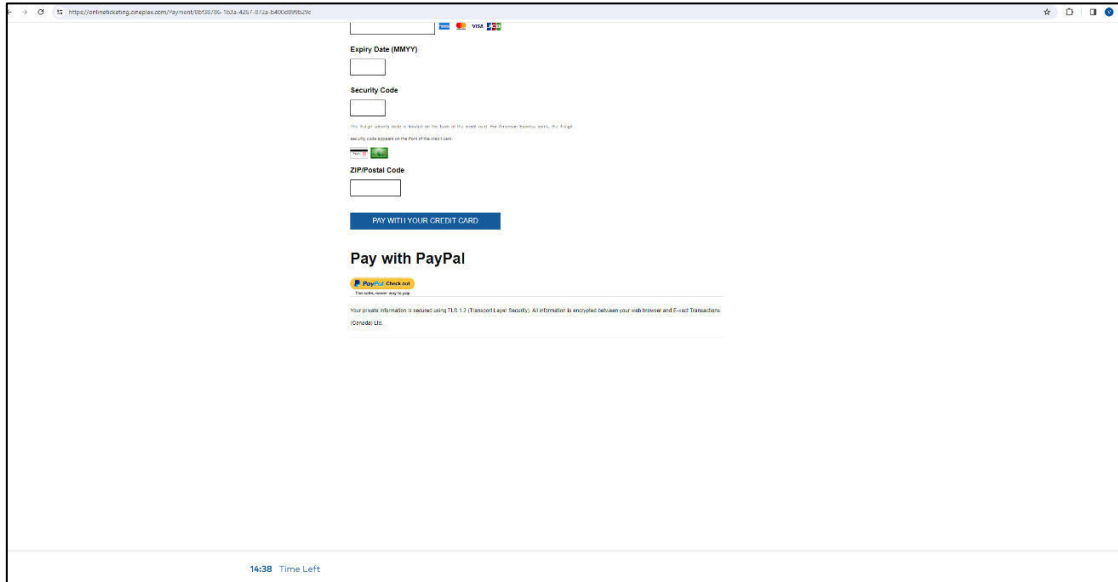


Figure 38 – Website – Payment page, after scrolling

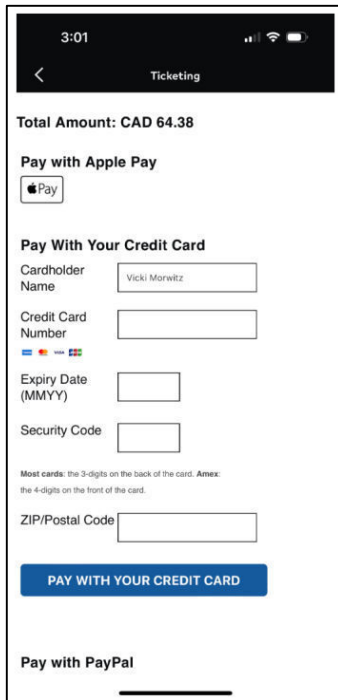


Figure 39 – App – Payment page



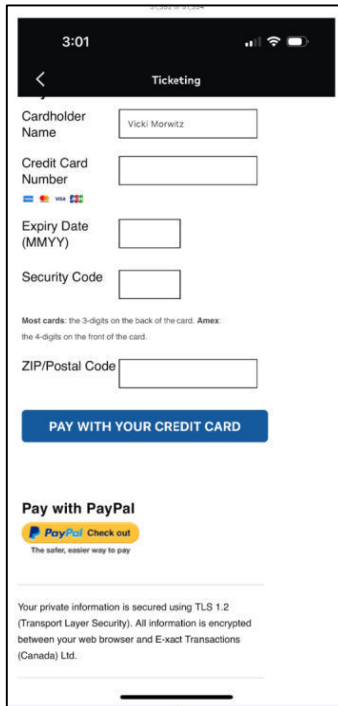


Figure 40 – App – Payment page, after scrolling

#### 4.2.2 Impact of Cineplex’s representations with respect to the sale of tickets

145. In my opinion, Cineplex’s representations of ticket prices including its decision to separate the online booking fee from those ticket prices lowers consumers’ perceptions of the total ticket costs, ultimately influencing their choice to purchase tickets from Cineplex online over alternative options.
146. Cineplex’s pricing practice on the Tickets page of its website and app are examples of partitioned pricing and drip pricing as the terms are understood in the academic literature. It is a form of partitioned pricing because the online booking fee is presented separately from the advertised price of the ticket. It is a form of drip pricing because the amount to be charged for the online booking fee is not presented when the ticket price is first presented, but is only revealed after consumers select a type of ticket. The online booking fee meets the definition of a shrouded attribute because

information about it is not made salient on the Cineplex website or in the app.

147. The manner in which Cineplex presents price information, particularly the online booking fee, impacts consumers' perceptions and their behavior. The fee's placement at the bottom of the Tickets page in smaller font size, and separated from the base tickets prices with other content, makes it less salient to consumers, who can easily proceed with their purchase without noticing it.
148. This manner of providing price information throughout the purchase process likely affects consumer's price perceptions. The most salient price information provided on the Tickets page is the lower base ticket prices consumers first see on the Tickets page both before and after consumers select the number of each type of ticket they want to purchase. This leads consumers to anchor on this lower initially advertised price, rather than on the total price that includes the online booking fee, which in turn would lower their price perceptions and affect their associated price beliefs. For example, they may believe that the tickets prices are lower to or are comparable to the prices at a competing theater showing the same movie. Consumers may also falsely believe that they can purchase tickets online for the same price they would pay at the movie theater.
149. In addition, my opinion is that Cineplex's pricing representations, combined with vague representations about the online booking fee and the presence of countdown clocks, leads consumers to underestimate the total cost of purchasing tickets. Consumers tend to focus primarily on the initially advertised price, neglecting additional fees or the disclosure of total online booking fees and the order's subtotal. This phenomenon is further exacerbated by the time pressure associated with countdown clocks, which enhances anchoring and primacy effects.

150. All of these factors contribute to a greater likelihood of consumers following through with their initial intent to purchase tickets on Cineplex's website or in the app. The vagueness of Cineplex's representations about the online booking fee can prevent consumers from realizing its presence, leading to lower price perceptions and reinforcing the notion that Cineplex's online prices are competitive with in-theatre prices or alternative entertainment options.
151. Lastly, Cineplex's disclosure of price information requires consumers to invest time scrolling through information in order to obtain a full breakdown of the costs.
152. Even when consumers do notice the higher total price late in the shopping process, behavioral biases such as the endowment effect and status quo bias, coupled with the time pressure imposed by countdown clocks, discourage them from switching to alternative options. The research I have cited above demonstrates that these biases are unlikely to dissipate with increased consumer experience.

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- Professor of Marketing, Stern School of Business, New York University, 2005-2011
- Associate Professor of Marketing, Stern School of Business, New York University, 1998-2005
- Visiting Scholar, Haas School of Business, University of California at Berkeley, Summer-Fall 2000
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- Honorable mention, 2023 EMAC–Sheth Foundation Sustainability Research Competition
- Outstanding review award, *Journal of Consumer Psychology*, 2021
- Outstanding reviewer award, *Journal of Consumer Research*, 2020, 2014
- Faculty Leadership Award, Stern School of Business, NYU 2016
- Co-chair, Society for Consumer Psychology Doctoral Consortium, 2016
- Fellow, Society for Consumer Psychology, 2014
- President (elected), Society for Consumer Psychology, 2011, member, Board of Directors of SCP, 2010-2012
- Co-chair, First International Society for Consumer Psychology Conference, 2012, Florence, Italy
- Research Professor of Marketing, Leonard N. Stern School of Business, NYU, 2007-2011
- 2008 Best Overall Conference Presentation, The AMA Advanced Research Techniques Forum
- Co-chair, Association for Consumer Research annual conference, 2006, Orlando, FL
- Honorable Mention, 2005 Marketing Science Institute/H. Paul Root Award for the *Journal of Marketing* article published in 2005 that made the greatest contribution to the advancement of the practice of marketing.
- Robert Stansky Faculty Research Fellow, Leonard N. Stern School of Business, NYU, 2004-07
- 2003 Best Reviewer Award, *Journal of Interactive Marketing*
- AMA-Sheth Doctoral Consortium Faculty, 2023, 2021-2019, 2017-2012, 2010, 2008, 2007, 2002, 1999, 1995
- EMAC Colloquium Faculty, 2023, 2021-2013
- ACR Doctoral Symposium Faculty, 2022, 2020-2019, 2014, 2012, 2008
- SCP Doctoral Consortium Faculty, 2023, 2017, 2015, 2013, 2012, 2011
- SMS Doctoral Consortium Faculty, 2003
- Outstanding Paper Award, 2000-0101, *International Journal of Forecasting*
- Nominated, Paul E. Green Award for the 1998 *Journal of Marketing Research* article that demonstrates the most potential to contribute significantly to the practice of marketing research and research in marketing
- Edythe and George Heyman Research Fellow, Leonard N. Stern School of Business, NYU, 1998-2001
- Finalist, 1997 O'Dell Award for best article in *Journal of Marketing Research*, judged after 5 years
- Winning award, 1994 Marketing Science Institute Competition on “Pricing and Strategy”
- Finalist, 1994 Robert Ferber Award

- Nominated, 1993-94 Stern Undergraduate Teacher of the Year
- Honorable mention, 1992 MSI Competition on “Understanding the Effects of Direct Marketing”
- Winner, 1991 MSI Alden G. Clayton Doctoral Dissertation Proposal Competition
- Fellow, 1990 AMA-Sheth Doctoral Consortium

## RESEARCH INTERESTS

- The Validity and Reliability of Purchase Intention Measures
- Effects of Responding to Surveys and Exposure to Survey Results
- Behavioral Aspects of Pricing
- Social Influence on Consumer’s Attitudes and Behavior
- The Impact of Public Health Communication on Positive and Negative Consumption Behaviors

## RESEARCH

### *Articles Published in Refereed Journals:*

Duani, Nofar, Alix Barasch, and Vicki G. Morwitz (2024), “Demographic Pricing in the Digital Age: Assessing Fairness Perceptions in Algorithmic versus Human-Based Price Discrimination,” *Journal of the Association for Consumer Research*, forthcoming.

Hong, Jennifer, Chiara Longoni, and Vicki G. Morwitz (2024), “Proximity Bias: Interactive Effect of Spatial Distance and Outcome Valence on Probability Judgments,” *Journal of Consumer Psychology*, forthcoming.

Huang, Yanliu, Zhen Yang, and Vicki G. Morwitz (2023), “How Using a Paper versus Mobile Calendar Influences Everyday Planning and Plan Fulfillment,” *Journal of Consumer Psychology*, 33 (1), 115-122.

Ceylon, Melis, Nilüfer Aydınoğlu, and Vicki G. Morwitz (2022), “Embarrassed by Calories: Joint Effect of Calorie Posting and Social Context,” *Journal of the Association for Consumer Research*, 7 (4), 482-491.

Gurdamar-Okutur, Simona Botti, and Vicki G. Morwitz (2022), “Advance Care Plans: Planning for Critical Healthcare Decisions,” *Journal of the Association for Consumer Research*, 7 (2), 210-221.

Hadar, Liat, Shai Danziger, and Vicki G. Morwitz (2021), “Choice Bracketing and Experience-Based Choice,” *Journal of Behavioral Decision Making*, 34 (3), 405-418.

Santana, Shelle, and Vicki G. Morwitz (2021), “The Role of Gender in Pay-What-You-Want Contexts,” *Journal of Marketing Research*, 58 (2), 265-281.

Bauer, Johannes, Vicki G. Morwitz, and Liane Nagengast (2021), “Interest-Free Financing Promotions Increase Consumers’ Demand for Credit for Experiential Goods,” *Journal of the Association for Consumer Research*, 6 (1), 54-66.

Santana, Shelle, Steven Dallas, and Vicki G. Morwitz (2020), “Consumers’ Reactions to Drip Pricing,” *Marketing Science*, 39 (1), 188-210.

MacInnis, Deborah Vicki G. Morwitz, Simona Botti, Donna Hoffman, Robert Kozinets, Donald R. Lehmann, John G. Lynch, and Connie Pechmann (2020), “Creating Boundary-Breaking Marketing-Relevant Consumer Research,” *Journal of Marketing*, 84 (2), 1-23.

- Lead article

Santana, Shelle, Manoj Thomas, and Vicki G. Morwitz, and (2020), “The Role of Numbers in the Customer Journey,” *Journal of Retailing*, 96 (1), 138-154.

Vadiveloo, Maya, Ludovica Principato, Christina Roberto, Vicki G. Morwitz, and Josiemer Mattei (2019), “Sensory

Variety in Shape and Color Influences Fruit and Vegetable Intake, Liking, and Purchase Intentions in Some Subsets of Adults: A Randomized Pilot Experiment,” *Food Quality and Preference*, 71, 301-310.

Dallas, Steven, and Vicki G. Morwitz (2018), “There’s No Such Thing as a Free Lunch: Consumers’ Reactions to Pseudo Free Offers,” *Journal of Marketing Research*, 55 (6), 900-915.

Sharma, Eesha, and Vicki G. Morwitz (2016), “Saving the Masses: The Role of Perceived Efficacy in Charitable Giving,” *Organizational Behavior and Human Decision Processes*, 135, 45-54.

Greenleaf, Eric A., Eric J. Johnson, Vicki G. Morwitz, and Edith Shalev (2016), “The Price does not Include Additional Taxes, Fees, and Surcharges: A Review of Research on Partitioned Pricing,” *Journal of Consumer Psychology*, 26 (1), 105-124.

Cerf, Moran, Eric Greenleaf, Tom Meyvis, and Vicki G. Morwitz (2015), “Using Single-Neuron Recording in Marketing: Opportunities, Challenges, and an Application to Fear Enhancement in Communications,” *Journal of Marketing Research*, 52 (4), 530-545.

Danziger, Shai, Hadar Liat, and Vicki G. Morwitz (2014), “Retailer Pricing and Consumer Choice under Price Uncertainty,” *Journal of Consumer Research*, 41 (3), 761-774.

Morwitz, Vicki G. (2014), “Insights from the Animal Kingdom,” *Journal of Consumer Psychology*, 24 (4), 572-585.

Vadiveloo, Maya, Vicki G. Morwitz, and Pierre Chandon (2013), “Mere Belief Effects: The Effects of Perceived Calorie Restriction and Health Labels on Satiety,” *Appetite*, 71 (1), 349-356.

Chakravarti, Amitav, Andrew Grenville, Vicki G. Morwitz, Jane Tang, and Gülden Ülkümen (2013), “Malleable Conjoint Partworths: How the Breadth of Response Scales Alters Price Sensitivity,” *Journal of Consumer Psychology*, 23 (4), 515-535.

Bauer, Johannes, Schmitt, Philipp, Vicki G. Morwitz, and Russ Winer (2013), “Managerial Decision Making in Customer Management: Adaptive, Fast and Frugal?” *Journal of Academy of Marketing Science*, 41 (4), 436-455.

Shalev, Edith, and Vicki G. Morwitz (2013), “Does Time Fly When You’re Counting Down? The Effect of Counting Direction on Subjective Time Judgments,” *Journal of Consumer Psychology*, 23 (2), 220-227.

Lynch, John G., Joseph W. Alba, Aradhna Krishna, Vicki G. Morwitz, and Zeynep Gürhan-Canli, (2012), “Knowledge Creation in Consumer Research: Multiple Routes, Multiple Criteria,” *Journal of Consumer Psychology*, 22 (4), 473-485.

Smith, Ronn J., Pierre Chandon, Vicki G. Morwitz, Eric R. Spangenberg, and David E. Sprott (2012), “How to Help People Change Their Habits: Asking about Their Plans,” *Yale Economic Review*, VIII (1), 15-17.

Vadiveloo, Maya, Vicki G. Morwitz, and Pierre Chandon (2012), “Mere Belief Effects: The Effect of Health Labels on Food Consumption and Self-Reported Satiety,” *Journal of the Academy of Nutrition and Dietetics*, 112 (9), A86.

Raghubir, Priya, Vicki G. Morwitz, and Shelle Santana (2012), “Europoly Money: The Impact of Currency Framing on Tourists’ Spending Decisions,” *Journal of Retailing*, 86 (1), 7-19.

- Lead article

Shalev, Edith and Vicki G. Morwitz (2012), “Influence via Comparison-Driven Self Evaluation and Restoration: The Case of the Low-Status Influencer,” *Journal of Consumer Research*, 38 (5), 964-980.

Chandon, Pierre, Ronn J. Smith, Vicki G. Morwitz, Eric R. Spangenberg, and David E. Sprott (2011), “When Does the Past Repeat Itself? The Interplay of Behavior Prediction and Personal Norms,” *Journal of Consumer Research*, 38 (3), 420-430.

Raghubir, Priya, Vicki G. Morwitz, and Amitav Chakravarti (2011), "Spatial Categorization and Time Perception: Does it Take Less Time to Get Home?" *Journal of Consumer Psychology*, 21 (2), 192-198.

Sun, Baohong and Vicki G. Morwitz (2010), "Stated Intentions and Purchase Behavior: A Unified Model," *International Journal of Research in Marketing*, 27 (4), 356-366.

Ülkümen, Gülden, Amitav Chakravarti, and Vicki G. Morwitz (2010), "Categories Create Mindsets: The Effect of Exposure to Broad versus Narrow Categorizations on Subsequent, Unrelated Decisions," *Journal of Marketing Research*, 47 (4), 659-671.

Thomas, Manoj and Vicki G. Morwitz (2009), "The Ease of Computation Effect: The Interplay of Metacognitive Experience and Naive Theories in Judgments of Numerical Difference," *Journal of Marketing Research*, 46 (1), 81-91.

Ülkümen, Gülden, Manoj Thomas, and Vicki G. Morwitz (2008), "Will I Spend More in 12 Months or a Year? The Effect of Ease of Estimation and Confidence on Budget Estimates," *Journal of Consumer Research*, 35 (2), 245-56.

Morwitz, Vicki G. (2008), "Marketing Extends beyond Humans," *Journal of Business Research*, 61 (5), 544-545.

Morwitz, Vicki G., Joel Steckel, and Alok Gupta (2007), "When do Purchase Intentions Predict Sales?" *International Journal of Forecasting*, 23 (3), 347-364.

Chandran, Sucharita and Vicki G. Morwitz (2006), "The Price of 'Free' -dom: Consumer Sensitivity to Promotions with Negative Contextual Influences," *Journal of Consumer Research*, 33 (3), 384-392.

Sprott, David E., Eric R. Spangenberg, Lauren G. Block, Gavan J. Fitzsimons, Vicki G. Morwitz, and Patti Williams (2006), "The Question-Behavior Effect: What We Know and Where We Go From Here," *Social Influence*, 1 (June), 128-137.

Young Holt, Bethany, Vicki G. Morwitz, Long Ngo, Polly Harrison, Kevin Whaley, and Anh-Hoa Nguyen (2006), "Microbicide Preference Among Female College Students in California," *Journal of Women's Health*, 15 (3), 281-294.

Chandran, Sucharita and Vicki G. Morwitz (2005), "Effect of Participative Pricing on Consumers' Cognitions and Actions: A Goal Theoretic Perspective," *Journal of Consumer Research*, 32 (2), 249-259.

Morwitz, Vicki G. (2005), "The Effect of Survey Measurement on Respondent Behavior," *Applied Stochastic Models in Business and Industry*, 21, 451-455.

Thomas, Manoj and Vicki G. Morwitz (2005), "Penny Wise and Pound Foolish: The Left Digit Effect in Price Cognition," *Journal of Consumer Research*, 32 (1), 54-64.

Chandon, Pierre, Vicki G. Morwitz, and Werner J. Reinartz (2005), "Do Intentions Really Predict Behavior? Self-Generated Validity Effects in Survey Research," *Journal of Marketing*, 69 (2), 1-14.

- Lead article
- This paper received honorable mention for the Marketing Science Institute/H. Paul Root Award for the *Journal of Marketing* article published in 2005 that made the greatest contribution to the advancement of the practice of marketing.

Chandon, Pierre, Vicki G. Morwitz, and Werner J. Reinartz (2004), "The Short- and Long-Term Effects of Measuring Intent to Repurchase" *Journal of Consumer Research*, 31 (3), 566-572.

Morwitz, Vicki G. and Gavan J. Fitzsimons (2004), "The Mere Measurement Effect: Why Does Measuring Intentions Change Actual Behavior?" *Journal of Consumer Psychology*, 14 (1&2), 64-74.

Dholakia, Utpal M. and Vicki G. Morwitz (2002), "The Scope and Persistence of Mere-Measurement Effects: Evidence from a Field-Study of Customer Satisfaction Measurement," *Journal of Consumer Research*, 29 (2), 159-167.

- Lead article

Block, Lauren, Vicki G. Morwitz, William P. Putsis Jr., and Subrata Sen (2002), "Assessing the Impact of Anti-Drug Advertising on Adolescent Drug Consumption: Results from a Behavioral Economic Model," *American Journal of Public Health*, 92 (8), 1346-1351.

Dholakia, Utpal M. and Vicki G. Morwitz (2002), "How Surveys Influence Customers," *Harvard Business Review*, 80 (5), 18-19.

Hsiao, Cheng, Baohong Sun, and Vicki G. Morwitz (2002), "The Role of Stated Intentions in New Product Purchase Forecasting," *Advances in Econometrics*, 16, 11-28.

- Lead article

Morwitz, Vicki G. (2001), "Methods for Forecasting from Intentions Data," *AIDS*, 15 (February), S23.

Sen, Sankar, Zeynep Gurhan-Canli, and Vicki G. Morwitz (2001), "Withholding Consumption: A Social Dilemma Perspective on Consumer Boycotts," *Journal of Consumer Research*, 28 (3), 399-417.

Armstrong, J. Scott, Vicki G. Morwitz, and V. Kumar (2000), "Sales Forecasts for Existing Consumer Products and Services: Do Purchase Intentions Contribute to Accuracy?" *International Journal of Forecasting*, 16 (3), 383-397.

- This paper was named as one of four outstanding papers published in the *International Journal of Forecasting* for the period 2000-01

Block, Lauren and Vicki G. Morwitz (1999), "Shopping Lists as an External Memory Aid for Grocery Shopping: Influences on List Writing and List Fulfillment," *Journal of Consumer Psychology*, 8 (4), 343-376.

- Lead article

Morwitz, Vicki G., Eric Greenleaf, and Eric Johnson (1998), "Divide and Prosper: Consumers' Reactions to Partitioned Prices," *Journal of Marketing Research*, 35 (4), 453-463.

- This paper was nominated for the Paul E. Green Award for the Journal of Marketing Research article published in 1998 that shows or demonstrates the most potential to contribute significantly to the practice of marketing research and research in marketing.
- The proposal for this research was one of two grant winners in the 1994 MSI Pricing Strategy Competition.

Morwitz, Vicki G. and David C. Schmittlein (1998), "Testing New Direct Marketing Offerings: The Interplay of Management Judgment and Statistical Models," *Management Science*, 44 (5), 610-628.

- The proposal for this research received honorable mention and a grant in the 1992 MSI "Understanding the Effects of Direct Marketing" competition.

Young, Martin R., Wayne S. DeSarbo, and Vicki G. Morwitz (1998), "The Stochastic Modeling of Purchase Intentions and Behavior," *Management Science*, 44 (2), 188-202.

Morwitz, Vicki G. (1997) "It Seems Like Only Yesterday: The Nature and Consequences of Telescoping Errors in Marketing Research," *Journal of Consumer Psychology*, 6 (1), 1-30.

- Lead article.

Winer, Russell S., John Deighton, Sunil Gupta, Eric J. Johnson, Barbara Mellers, Vicki G. Morwitz, Thomas



O'Guinn, Arvind Rangaswamy, and Alan G. Sawyer (1997), "Choice in Computer-Mediated Environments," *Marketing Letters*, 8 (3), 287-296.

Morwitz, Vicki G. (1997), "Why Consumers Don't Always Accurately Predict Their Own Future Behavior," *Marketing Letters*, Special Issue on the Time Course of Preferences, 8 (1), 57-70.

Morwitz, Vicki G. and Carol Pluzinski (1996), "Do Polls Reflect Opinion or do Opinions Reflect the Polls? The Impact of Political Polling on Voters' Expectations, Preferences, and Behavior," *Journal of Consumer Research*, 23 (1), 53-67.

Fitzsimons, Gavan and Vicki G. Morwitz (1996), "The Effect of Measuring Intent on Brand Level Purchase Behavior," *Journal of Consumer Research*, 23 (1), 1-11.

- Lead article.

Sen, Sankar and Vicki G. Morwitz (1996), "Consumer Reactions to a Provider's Position on Social Issues: The Effect of Varying Frames of Reference," *Journal of Consumer Psychology*, 5 (1), 27-48.

Sen, Sankar and Vicki G. Morwitz (1996), "Is it Better to Have Loved and Lost than Never to Have Loved at All?: The Effect of Changing Product Attributes over Time on Product Evaluation," *Marketing Letters*, 7 (3), 225-236.

Morwitz, Vicki G., Eric Johnson, and David C. Schmittlein (1993), "Does Measuring Intent Change Behavior?" *Journal of Consumer Research*, 20 (1), 46-61.

- Finalist, 1994 Robert Ferber Award

Morwitz, Vicki G. and David C. Schmittlein (1992), "Using Segmentation to Improve Sales Forecasts Based on Purchase Intent: Which 'Intenders' Actually Buy?" *Journal of Marketing Research*, 29 (4), 391-405.

- Finalist, 1997 O'Dell Award for best article in *Journal of Marketing Research*, judged after five years.
- Lead article.

#### ***Invited Papers, Book Chapters, and Monographs:***

Morwitz, Vicki G. and Kurt P. Munz (2021), "Intentions," *Consumer Psychology Review*, 4 (1), 26-41.

Morwitz, Vicki G. (2014), "Consumers' Purchase Intentions and Their Behavior," *Foundations and Trends in Marketing*, 7 (4), 181-230, <http://dx.doi.org/10.1561/1700000036>

Morwitz, Vicki G. (2011), "Biases in the Processing of Price Information," in *Consumer Insights: Findings from Behavioral Research*, Ed. Joseph Alba, *Marketing Science Institute*, 27-28.

Morwitz, Vicki G. (2011), "Purchase Intentions and Purchasing," in *Consumer Insights: Findings from Behavioral Research*, Ed. Joseph Alba, *Marketing Science Institute*, 89-90.

Morwitz, Vicki G. and Eesha Sharma (2011), "A Different View on Pricing," in *Legends in Marketing: Kent Monroe*, Ed. Jagdish N. Sheth, SAGE Publications Pvt. Ltd.

Cooley, Thomas, Xavier Gabaix, Samuel Lee, Thomas Mertens, Vicki Morwitz, Shellene Santana, Anjolein Schmeits, Stijn Van Nieuwerburgh, and Robert Whitelaw (2010), "Consumer Financial Protection Regulation," in *Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance*, Eds. Viral V. Acharya, Thomas F. Cooley, Matthew P. Richardson, and Ingo Walter, Wiley, 73-84.

Cooley, Thomas, Xavier Gabaix, Samuel Lee, Thomas Mertens, Vicki Morwitz, Anjolein Schmeits, and Stijn Van Nieuwerburgh (2009), "Consumer Finance Protection Agency: Is There a Need?" in *Real Time Solutions for Financial Reform*, 85-88.

Thomas, Manoj and Vicki G. Morwitz (2009), "Heuristics in Numerical Cognition: Implications for Pricing," in

*Handbook of Research in Pricing*, Ed. Vithala Rao, Edward Elgar Publishing, 132-149.

Morwitz, Vicki G. (2001), "Methods for Forecasting from Intentions Data," in *Principles of Forecasting: A Handbook for Researchers and Practitioners*, Scott Armstrong, ed., Kluwer Academic Publishers, 33-56.

**Other Articles:**

Thomas, Manoj and Vicki Morwitz (2005), "A Penny Saved," *Stern Business*, Fall/Winter, 20-23.

Greenleaf, Eric A., Vicki G. Morwitz, and Russell S. Winer (2004), "Helping Hands," *Stern Business*, Fall/Winter, 42-47.

Block, Lauren G., Vicki G. Morwitz, William P. Putsis, Jr., and Subrata K. Sen (2003), "Just Saying No," *Stern Business*, Winter/Fall, 28-31.

Morwitz, Vicki G (2003), "An Incomplete Picture," *Marketing Research*, 15 (2), 49-50.

Morwitz, Vicki G. and Carol Pluzinski (1996), "Do Polls Reflect Opinions or Do Opinions Reflect the Polls?" *Stern Business*, Fall, 14-15.

Morwitz, Vicki G. (1993), "Not All 'Definitely Will Buy's Will Buy: How to Determine Which Ones Will," *Marketing Review*, 49(2), 8-30.

**Editorials:**

Morwitz, Vicki G. (2021), "JACR: Using the Power and Diversity of Consumer Research to Tackle Important Substantive Problems," *Journal of the Association of Consumer Research*, 6 (1), 1-3.

Dahl, Darren, Eileen Fischer, Gita Johar, and Vicki Morwitz (2017), "Making Sense from (Apparent) Senselessness: The JCR Lens," *Journal of Consumer Research*, 44 (4), 719-723.

Dahl, Darren, Eileen Fischer, Gita Johar, and Vicki Morwitz (2016), "Tutorials in Consumer Research," *Journal of Consumer Research*, 43 (2), 199.

Dahl, Darren, Eileen Fischer, Gita Johar, and Vicki Morwitz (2015), "The Evolution of JCR: A View through the Eyes of Its Editors," *Journal of Consumer Research*, 42 (1), 1-4.

Dahl, Darren, Eileen Fischer, Gita Johar, and Vicki Morwitz (2014), "From the Editors-Elect: Meaningful Consumer Research," *Journal of Consumer Research*, 41 (1), iii-v.

**Edited Book:**

Fitzsimons, Gavan and Vicki G. Morwitz (2007), *Advances in Consumer Research*, Vol. 34, Duluth, MN: Association for Consumer Research.

**Other Publications:**

Shalev, Edith and Vicki Morwitz (2010), "How Low Can I Go? The Comparative Effect of Low Status Users on Buying Intentions," *Advances in Consumer Research*, Eds. Darren Dahl, Gita Johar, and Stijn van Osselaer, Vol. 38, Duluth, MN: Association for Consumer Research.

Raghubir, Priya, Vicki Morwitz, and Shelle Santana (2010), "Europolymoney: The Impact of Currency Framing on Tourists' Spending Decisions," *Advances in Consumer Research*, Eds. Darren Dahl, Gita Johar, and Stijn van Osselaer, Vol. 38, Duluth, MN: Association for Consumer Research.

Tang, Jane, Andrew Grenville, Vicki G. Morwitz, Amitav Chakravarti, and Gulden Ülkümen (2009), "Influencing Feature Price Tradeoff Decisions in CBC Experiments," *2009 Sawtooth Software Conference Proceedings*, 247-262.

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Chandon, Pierre and Vicki G. Morwitz (2008), "Breaking Behavior Repetition: New Insights on the Role of Habits and Intentions," *Advances in Consumer Research*, Eds. Angela Y. Lee and Dilip Soman, Vol. 35, 125-128.

Shalev, Edith and Vicki G. Morwitz (2008), "The Surprising Influencers: How the Inferred Attributes of Observed Consumers Shape Observer Consumers' Buying Intentions," *Advances in Consumer Research*, Eds. Angela Y. Lee and Dilip Soman, Vol. 35, 996.

Chandran, Sucharita and Vicki G. Morwitz (2006), "The Price of 'Free'-Dom: Consumer Sensitivity to Promotions with Negative Contextual Influences," *Advances in Consumer Research*, Eds. Connie Pechmann and Linda Price Vol. 33, 250.

Chandon, Pierre and Vicki G. Morwitz (2005), "Self-Generated Validity Effects in Consumer Research," *Advances in Consumer Research*, Eds. Geeta Menon and Akshay Rao, Vol. 32, 270-273.

Thomas, Manoj and Vicki G. Morwitz (2005), "How Do Consumers and Managers Process Numeric Information? The Role of Numerical Cognition," *Advances in Consumer Research*, Eds. Geeta Menon and Akshay Rao, Vol. 32, 445-448.

Thomas, Manoj and Vicki G. Morwitz (2004), "Effects of Framing on Magnitude Perceptions of Prices," *Advances in Consumer Research*, Eds. Barbara E. Kahn and Mary Frances Luce, Vol. 31, 454-456.

Kiesler, Tina and Vicki G. Morwitz (2001), "What are the Chances? Biases in the Assessment of Probability and Risk," *European Advances in Consumer Research*, Eds. Andrea Gröppel-Klein and Franz-Rudolph Esch, Vol. 5, 195.

Menon, Geeta and Vicki G. Morwitz (1994), "Biases in Social Comparison: If You are One in a Million, There are 4,000 People Just Like You," *Advances in Consumer Research*, Eds. Chris T. Allen and Deborah Roedder John, Vol. 21, 379.

Easterling, Doug, Howard Kunreuther and Vicki G. Morwitz (1991), "Forecasting Behavioral Response to a Repository from Stated Intent Data," *Proceedings of the 1991 International High-Level Radioactive Waste Management Conference*.

Rose, Theodore and Vicki G. Morwitz (1987), "Graphical Presentation of Product Pricing," *Proceedings of the SAS Users Group International*, Dallas, 1987.

#### **Articles under Review:**

Wu, Alisa, and Vicki G. Morwitz, "The Impact of Review Linguistic Features on Review Writers and Readers," conditionally accepted, *Journal of Consumer Research*.

Johnson, Eric J., Eli Rosen Sugarman, Vicki G. Morwitz, Gita V. Johar, and Michael W. Morris, "Carbon Ignorance: Do People Misestimate the Carbon Footprint of Behaviors, Firms, and Industries?" under revision for second round review at *Nature Climate Change*.

#### **Working Papers:**

Bambauer-Sachse, Silke and Vicki G. Morwitz, "Who Is to Blame for this Surcharge? The Impact of Consumers' Perceptions of Who Is Responsible for a Surcharge on Reactions to Partitioned Pricing."

Duani, Nofar, Sonia Kim, Steven Dallas, and Vicki G. Morwitz, "Pre-Commitment by Price: Consumers' Reactions to Unlimited Offers for Vice Products."

Munz, Kurt P. and Vicki G. Morwitz “A Not-so Easy Listening: Roots and Repercussions of Auditory Choice Difficulty in Voice Commerce.”

Munz, Kurt P., Adam Greenberg, and Vicki G. Morwitz, “Spreading of Alternatives Without a Perception of Choice.”

Perez, Dikla and Vicki G. Morwitz “How Measurement Effects Vary with Culture.”

Wu, Alisa, and Vicki G. Morwitz, “Are Emotions Gendered? Gender Stereotypes in Online Reviews.”

Wu, Alisa, and Vicki G. Morwitz, “Recounting Experiences Before and During the Covid-19 Crisis.”

Wu Alisa, Vicki G. Morwitz, and David Eatwell, “Forecasting Physicians' Prescription Behavior from Their Stated Intentions.”

***Research in Progress:***

Bluvstein, Shirly, Dafna Goor, Alixandra Barasch, and Vicki G. Morwitz “Allocating Others’ Resources: Material Rather than Altruistic Motivations Increase Overhead Donations”

Greenleaf, Eric, Uri Hasson, David Heeger, Tom Meyvis, Vicki G. Morwitz, and Mor Regev, “Using Visual Distraction to Measure Engagement in Moving Images.”

Greenleaf, Eric, Uri Hasson, David Heeger, Tom Meyvis, Geeta Menon, Vicki G. Morwitz, and Mor Regev, “Direct Recording of Neuronal Activity from Human Brains: Underlying Mechanisms Of Emotion Regulation.”

Hoff, Maren, and Vicki G. Morwitz, “The Fees Paradox.”

Hoff, Maren, and Vicki G. Morwitz, “Overhead Seeking and Aversion.”

Kim, Sonia, and Vicki G. Morwitz, “Subscription Decisions for Self versus Others.”

Leszczyńska, Monika, Caroline Goukens, and Vicki G. Morwitz, “Why do People Reject Free Beneficial Offers?”

Schmidt, Kristina, Maik Hammerschmidt, Walter Herzog, and Vicki G. Morwitz, “The Effect of Survey Invitations on Respondents’ and Non-Respondents’ Attitudes and Behaviors.”

**PRESENTATIONS:**

***Recent Invited Presentations at Academic Conferences and Institutions:***

- IE Business School, Madrid, May 2024
- The Wharton School, Wroe Alderson distinguished lecture, May 2024
- UC Riverside, May 2024
- Stanford University, April 2024
- Northwestern University, March 2024
- University of Cape Town, March 2024
- Southern Methodist University, February 2024
- European Association for Consumer Research Conference, Amsterdam, July 2023
- Bocconi University, June 2023
- AMA-Sheth Doctoral Consortium, Oslo, June 2023
- U.S. Senate Subcommittee on Consumer Protection, product Safety, and Data Security, expert testimony, June 2023
- UC Irving, June 2023

- UCLA Marketing camp, April 2023
- The White House Panel on the Economic Case for the President's Initiative on Junk Fees, March 2023
- University of British Columbia, March 2023
- Tel Aviv University, January 2023
- York University, October 2022
- Yale University, May 2022
- INSEAD, June 2020 (postponed)
- University of Southern California, February 2020
- Erasmus University, February 2020
- Boston College, March 2019
- Bocconi University, March 2019
- Bar Ilan University, January 2019
- Columbia University, May 2018
- HEC, Paris, February 2018
- Drexel University, January 2018
- University of Illinois, December 2017
- University of Florida, December 2017
- Inaugural Pricing Symposium, London Business School, October, 2017
- Psycho-Economics Workshop, University of Cologne, July 2017
- ESADE University Marketing Camp, June 2017
- AMA-Sheth Doctoral Consortium, University of Iowa, June 2017
- JAMS Thought Leaders Conference on Consumer-Based Strategy, May 2017
- Duke University, March 2017
- Chinese University of Hong Kong, March 2017
- Monash University, February 2017. Keynote speaker
- University of Pennsylvania, February 2017
- Harvard University, January 2017
- The Technion, January 2017
- Vrije Universiteit Amsterdam, October 2016
- Queensland University of Technology, August 2016
- AMA-Sheth Doctoral Consortium, University of Notre Dame, June 2016
- University of St. Gallen, June 2016
- University of Louisville, May 2016
- University of Toronto, April 2016
- Stanford University, February 2016
- University of Pittsburgh, January 2016
- Hebrew University, January 2016
- Marketing Modelers, September 2015
- AMA-Sheth Doctoral Consortium, London Business School, July 2015
- Oxford University, June 2015
- Johns Hopkins University, May 2015
- University of Massachusetts Amherst, April 2015
- Marketing Science Institute, Trustees Meeting, April 2015
- University of South Carolina Marketing Camp, April 2015
- Society for Consumer Psychology, Doctoral Consortium, Phoenix, February 2015
- National University of Singapore, January 2015
- ACR Doctoral Symposium, Baltimore, October 2014
- Latin American Association for Consumer Research Conference, Guadalajara, July 2014
- AMA-Sheth Doctoral Consortium, Northwestern University, June 2014
- Keynote Address, EMAC Doctoral Colloquium, Valencia, June 2014
- Fellow's Address, Society for Consumer Psychology Conference, Miami, March 2014.

***Recent Presentations at Academic Conferences and Institutions:***

“The Fees Paradox”

- Association for Consumer Research Conference, Denver, October 2022

“Dirty Motivation: Using Donations to Mitigate Overhead Aversion”

- Society for Consumer Psychology, Huntington Beach, March 2020
- Association for Consumer Research Conference, Atlanta, October 2019

“Pre-Committing to Increased or Decreased Consumption: Consumers’ Reactions to Vice and Virtue Unlimited Offers”

- Society for Consumer Psychology, Sydney, January 2018

**COURSES TAUGHT**

- Behavioral Economics and Decision Making, Executive MBA, MBA, Columbia University
- Mastering Customer Insights, Executive Education, On-line Course, Columbia University
- Introduction to Marketing, undergraduate level, New York University
- Marketing Research, undergraduate, graduate, and executive levels, New York University, University of Pennsylvania
- Judgment and Decision Making, graduate and executive levels, New York University
- Research Methods in Marketing, undergraduate honors students, New York University
- Marketing of Technology-Based Products, undergraduate and graduate levels, New York University
- Principles of Business Management, undergraduate level, New York University
- New Directions in Marketing Intelligence, alumni continuing education workshop, New York University
- Behavioral Applications in Marketing, PhD level, New York University
- Introduction to Statistics (Teaching Assistant), University of Pennsylvania
- Combinatorial Analysis (Teaching Assistant), Rutgers University

**GRANTS:**

- Columbia Business School Tamer Center, 2021, Co-investigator, \$100,000
- Carolan Research Forum, 2018, Co-investigator, \$12,700
- NYU Stern Center for Global Economy and Business, 2018, Investigator \$3,000 and Co-investigator \$3,450; 2017, Investigator \$3,500; 2016, Investigator \$4,500; 2015, Investigator \$7,000
- The Produce for Better Health Foundation, 2014, Co-investigator, \$15,000
- Duke-Synovate Research Center, 2012, Co-investigator, \$10,000
- Duke-Synovate Research Center, 2012, Co-investigator, \$8,500
- Marketing Science Institute, 2010-2011, Investigator, \$9,984
- NIH / National Institute of Drug Abuse, 2009-2011, Co-investigator, \$1,100,000
- California University-wide AIDS Research Program, Consultant

**PROFESSIONAL MEMBERSHIPS:**

- Association for Consumer Research
- American Marketing Association
- INFORMS
- Society for Consumer Psychology

**PROFESSIONAL SERVICE:*****Service to the Field:***

- Editor-in-Chief, *Journal of the Association of Consumer Research*, 2021-present

- Co-Editor, *Journal of Consumer Research*, 2014-2017
- Associate Editor:
  - *Journal of Consumer Psychology* (2009-2014, 2021-present)
  - *Journal of Marketing Research* (2011-2014)
- Guest Editor
  - *Journal of Marketing Research* (2013, 2014)
- Guest Area/Associate Editor:
  - *Journal of Consumer Research* (2013)
  - *Management Science* (2019)
  - *Marketing Science* (2003-2006)
- Scientific Advisory Committee
  - *Consumer Psychology Review* (2015-2020)
- Editorial Board Member:
  - *Journal of Consumer Psychology* (2005-2009, 2018-2020)
  - *Journal of Consumer Research* (2005-2014, 2018-present)
  - *Journal of Interactive Marketing* (2001-2009)
  - *Journal of Marketing* (2018-present)
  - *Journal of Marketing Research* (2009-2011)
  - *Journal of Retailing* (2006-2009)
  - *Marketing Letters* (2012-2020)
  - *Marketing Science* (2005-2010)
- Ad hoc Reviewer for:
  - *American Marketing Association*
  - *Association for Consumer Research*
  - *British Journal of Social Psychology*
  - *Corporate Reputation Review*
  - *EMAC*
  - *International Journal of Research in Marketing*
  - *Journal of Applied Psychology*
  - *Journal of Experimental Psychology*
  - *Journal of Forecasting*
  - *Journal of Interactive Marketing*
  - *Journal of Marketing*
  - *Journal of Public Policy and Marketing*
  - *Journal of Retailing*
  - *Management Science*
  - *Marketing Letters*
  - *Marketing Science*
  - *Marketing Science Institute Dissertation Proposal Competition*
  - *Proceedings of the National Academy of Sciences*
  - *Psychological Science*
  - *Public Opinion Quarterly*
  - *Society for Consumer Psychology*
- Reviewed Grant Applications for:
  - Israeli Science Foundation
  - Social Sciences and Humanities Research Council of Canada
- SCP Fellow award committee, chair, 2020-2023

- Italian Marketing Society Doctoral Colloquium Faculty, 2018
- ACR Early Career award committee, 2017
- ACR, Mid-career workshop, 2021, 2020, 2016, 2013
- Co-chair, SCP doctoral consortium, 2015, St. Petersburg, Florida.
- President (elected), SCP, 2011, and member, Board of Directors of SCP, 2010-2012
- Co-chair, SCP, 2012, Florence, Italy.
- AMA Paul E. Green award committee, 2012, 2007
- ACR Nicosia best competitive paper award committee, 2011
- AMA ART Forum Program Committee, 2008-09, 2006-07
- Co-chair, ACR annual conference, 2006, Orlando, FL.
- ACR Advisory Council, 1999-2001
- ACR Program Committee, 2012, 2010, 2007, 2004, 2003, 2001, 1999, 1997 European ACR Program Committee, 2007, 2013
- Latin American ACR Program Committee, 2014

#### ***Service to Columbia University***

- Advisor to Columbia University life in designing evaluation mechanisms, 2019-2021
- Columbia Business School representative for a university-wide seminar series organized by the Mailman School of Public Health on menstruation

#### ***Service to Columbia Business School***

- Junior Faculty Research Liaison for Marketing, 2019-present
- Member Future of CBS working group, 2020-2021
- Promotion and Tenure Committee, 2022-present
- Bylaws Review Committee, 2023-2024.

#### ***Service to Columbia Business School, Marketing Division:***

- Doctoral Committee, 2019-2022, 2023-present

#### ***Service to New York University:***

- Associate Director, Institute for the Interdisciplinary Study of Decision Making, 2014-2019
- Member of University Course Evaluation Committee, 2015-2016
- Member of the President's Faculty Advisory Committee on NYU's Global Network, 2013-2016
- Member of the University Committee on Activities Involving Human Subjects, 2002-2006

#### ***Service to the Stern School of Business:***

- Faculty Council, 2018-2019, 2013-2016, chair 2015-2016
- Member of the Stern Undergraduate College Social Impact Curriculum Review Committee, 2017-2018
- Member of the Stern EMBA Curriculum review committee, 2016-2017
- NYU Stern Baccalaureate ceremony name reader, 2016
- ISP Faculty judge, 2016
- School-wide Promotion and Tenure Committee, 2006-2012, chair 2009-2012
- Stern Representative to the NYU University Committee on Activities Involving Human Subjects, 2002-2006
- Faculty Advisory Committee to the Undergraduate Dean, 2004-2005
- Research Resources Committee, 2004-2007.
- Stern PhD Oversight and Admissions Committee, 2002-2004
- Committee to establish Stern behavioral research laboratory, 2001
- Design, coordination, and analysis of the MBA Stern Satisfaction Survey, 1998-1999
- Faculty Advisor, Asian Business Society/Stern Management Consulting tour to Asia, 1996-1997 and 1997-1998



- Undergraduate Program Committee, 1996-1999

***Service to the Stern School of Business Marketing Department:***

- Chair's Advisory Committee, 2014-2019, 2004-2008
- Coordinator, Marketing Department Doctoral Program, 2005-2008
- Chairperson, Marketing Department Committee on Activities Involving the Use of Human Subjects, 2001-2006
- Obtained approval from University IRB for a Marketing Department Subject Pool, 2000-2006
- Subject Pool Coordinator, 2000-2001
- Marketing Department External Review Committee, 2000-2001
- Doctoral Committee, 1992-2002
- Brown Bag Lunch Series Coordinator, 1992-1995
- Columbia, NYU, Wharton, Yale Colloquium Coordinator, 1998-1999

***Doctoral Student Advising:***

- Columbia Doctoral advisor (and first placements)
  - Alisa Wu, University of Utah
  - Nathan Posner
- Columbia University Dissertation / Proposal Defense Committees:
  - Gavan Fitzsimons (1995)
  - Anne Røgeveen (2001)
  - Peter Jamebrant (2011)
  - Nicolas Padilla (2021)
  - Maayan Malter (2021)
  - Jennifer Sun (2021)
  - Maren Hoff (2022)
  - Sonia Kim (2022)
- NYU Doctoral advisor (and first placements):
  - Lance Michael Erickson, University of Arizona, 2002
  - Sucharita Chandran, Boston University, 2003
    - Winner of the 2002 Fordham University Pricing Center Award for the best dissertation proposal on the behavioral aspects of pricing
    - Runner-up of the 2002 SCP-Sheth Dissertation Proposal Competition
  - Manoj Thomas, Cornell University, 2006
  - Gülden Ülkümen, University of Southern California, 2007
  - Edith Shalev, The Technion, 2010
  - Shelle Santana, Harvard Business School, 2014
  - Steven Dallas, Duke University, 2018, post-doc
  - Kurt Munz, Bocconi University, 2020
  - Shirly Bluvstein, Yeshiva University, 2022
  - Nofar Duani, University of Southern California, 2023
- NYU Dissertation / Proposal Defense Committees
  - Heonsoo Jung (1998)
  - Eric Yorkston (2000)
  - Ira Teich (School of Education, 2001)
  - Suresh Ramanathan (2002)
  - Marissa Vicario (Gallatin School, dissertation chair, 2007)
  - Jeff Galak (2008)
  - Ellie Kyung (2010)
  - Hyun Young Park (2012)
  - Steven Chan (2012)

- Eesha Sharma (2013)
- Chiara Longoni (2014)
- Stephanie Tully (2015)
- Anna Paley (2017)
- Jennifer Hong (2019)
- Heeyoung Yoon (2022)
  
- Other University Dissertation Committees:
  - Melis Ceylan, Koç University (2018)
  - Anja Schanbacher, London Business School (2018)
  - Easa Tabrizi, University of South-Eastern Norway (2019)
  - Huy Tran, University of South-Eastern Norway (2021)
  - Shahryar Mohsenin, Bocconi University (2024)

## **INDUSTRY EMPLOYMENT**

PRODIGY SERVICES COMPANY (a joint venture of International Business Machines and Sears), White Plains, New York, 1986-87.

- Research Analyst

INTERNATIONAL BUSINESS MACHINES, White Plains, New York, 1983-1986

- Product Planner
- Telecommunications Analyst

RCA, Hightstown and Camden, New Jersey, 1982-83

- Programmer and Analyst

## **OUTSIDE ACTIVITIES DISCLOSURE**

Columbia Business School requires its faculty members to disclose any activities that might present a real or apparent conflict of interest. Here is the list of my outside activities for the last five years:

Paid work

- Expert witness work for five legal organizations and three government organizations. Non-disclosure agreements signed for all.

Volunteer Work

- Docent, Central Park Zoo, Wildlife Conservation Society (1996-present)



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Canada

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Canada

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**VIA EMAIL**

September 5, 2023

Vicki Morwitz  
796 Kravis Hall  
New York, NY, 10027  
Vicki.morwitz@columbia.edu

Dear Professor Morwitz,

***Re: Commissioner of Competition v. Cineplex Inc. (CT-2023-003) –  
Expert Report***

We are retaining you to provide your expert opinion and analysis on the issues set out in the letter below. We anticipate that your opinions and analysis may be used in the above referenced application. Your opinions and analysis in the form of an expert report must be filed with the Competition Tribunal no later than January 8, 2024.

Specifically, we ask that you answer the following three questions:

Question No. 1: How does the manner of presenting pricing information by merchants impact consumers? In particular, how does “drip pricing” (or similar pricing practices) affect consumers in terms of 1) their perception of the price to be paid for a given product, and 2) their behaviour?

Question No. 2: What impacts could Cineplex’s representations with respect to the sale of movie tickets on its Website and in the App be expected to have on consumers’:

- a) perception on the price to be paid for movie tickets; and
- b) behaviour, including purchasing decisions?

Best regards,

A handwritten signature in black ink that reads "Jonathan Hood". The signature is written in a cursive style with a large, looping initial "J".

**Jonathan Hood**  
Senior Counsel  
Department of Justice  
Competition Bureau Legal Services

### **Appendix C – Further Research on Partitioned Pricing**

153. Xia and Monroe examined how consumers react to partitioned pricing, focusing specifically on whether previously demonstrated findings also manifest when consumers shop on the internet (vs. at retail stores or via catalogues).<sup>68</sup> They found through three experiments that price partitioning online increases purchase intentions and reduces future search intentions, and that it happens because consumers adjust insufficiently for fees. It is important to note that in their third study, in the partitioned price conditions participants were also informed of the total price, and even in this case partitioning led to increased purchase intentions.
154. Kim examined the impact of how fees are presented (large or small font, \$ vs. %) on both price perceptions and purchase intentions.<sup>69</sup> In one study, undergraduate business students evaluated an offer for a cordless Sony phone where shipping was separated or included with the base price of the phone. In most cases (i.e., when the fee was in a percent format, or was in dollar format but was less visually salient), participants recalled lower prices and had higher intentions in the partitioned price than in the control condition. Thus, Kim's findings suggest that if a firm does not make information about partitioned fees salient, this will lead customers to underestimate their total costs and have higher purchase intentions.
155. Kim's second study focused on the sole condition where partitioned prices did not lead to lower price recall and higher intent – the case where the fee was in dollar format and was made visually salient. This study involved shopping for an MP3 player and the fee was again a shipping charge. The results from this study showed that when consumers are in a situation where they must recall prices (i.e., prices are no longer in front of them),

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<sup>68</sup> Xia, Lan, and Kent B. Monroe (2004), "Price Partitioning on the Internet," *Journal of Interactive Marketing*, 18 (4), 63-73.

<sup>69</sup> Kim, Hyeong Min (2006), "The Effect of Saliency on Mental Accounting: How Intergration versus Segregation of Payment Influences Purchase Decisions," *Journal of Behavioral Decision Making*, 19, 381-391.

partitioned pricing led to higher purchase intentions than a combined price. This suggests that, for customers who search for price information but only later make their purchase decision based on their memory for the price information they saw while shopping, their intentions would be higher when partitioning is used, even if the partitioned fee is presented in a manner that is visually salient.

156. Kim and Kachersky provided a summary of factors that influence how consumers perceive and process multi-dimensional prices such as partitioned prices.<sup>70</sup> Their central hypothesis is that the attention that will be paid to a price component is related to the relative salience of that component compared to other components of the price. Thus, for partitioned pricing, how much attention is paid to a fee will depend on the relative salience of the fee compared to the base price. This paper identifies four factors that influence the relative salience of a price component such as a fee: visual, semantic, computational, and magnitude. For visual, a fee would be more likely to be attended to if it is depicted in a large print or in a striking color. For semantic, the effect of a fee may depend on the label that is used to describe it. For computation, the salience of the price component can also depend on the complexity of the math required to determine its dollar amount. Finally, for magnitude, the salience of the surcharge will depend on its magnitude relative to the base price. When surcharges are small in magnitude relative to the base price, it is less likely consumers will fully attend to them.
157. Hossain and Morgan examined the impact of partitioned pricing in auctions, similar to what we had done in our (Morwitz et al. 1998) first study.<sup>71</sup> They conducted 80 auctions of music CDs or Xbox games on eBay to test

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<sup>70</sup> Kim, Hyeong Min and Luke Kachersky (2006), "Dimensions of Price Salience: A Conceptual Framework for Perceptions of Multi-Dimensional Prices," *Journal of Product and Brand Management*, 15 (2), 139-147.

<sup>71</sup> Hossain, Tanjim and John Morgan (2006), "...Plus Shipping and Handling: Revenue (Non) Equivalence in Field Experiments on eBay," *Advances in Economic Analysis and Policy*, 6 (2), 1-27.

whether consumers' effective maximum bids (i.e., their bid plus the shipping fee) varies with the composition of the effective reserve price (i.e., the opening bid amount and the fee for shipping and handling). Since these were actual auctions, bidders' optimal strategy is to bid up to their maximum willingness to pay including shipping fees. Some items were offered with lower opening bids but higher shipping fees while others were offered with higher opening bids and lower shipping fees that summed to the same amount. The results indicated that having a lower opening bid and higher shipping fees attracts more bidders to the auction and increases total revenues. This study provides strong evidence, in an actual market with real consumers, that consumers do not fully process information about fees and that firms can benefit by receiving higher total revenue through the use of separating out fees. Similarly, Clark and Ward (2008) also found that consumers, even experienced bidders, ignore shipping fees when bidding on eBay auctions, suggesting the effects of partitioned pricing are not eliminated with experience.<sup>72</sup>

158. Finally, some additional work on partitioned pricing in the context of eBay auctions demonstrated that the previously demonstrated effects occur for sellers with both moderate and positive reputations.<sup>73</sup> Specifically, Cheema's findings showed that consumers do not adjust their bids to account for fees when the seller has a moderate or a good reputation, based on their feedback scores. The only time buyers lower their bids to account for high fees is when they are buying from particularly low-reputation sellers, but not when they buy from medium or high-reputation ones. Cheema suggests this occurs because consumers decide more carefully when buying from low-reputation sellers, and tests this in several follow up lab experiments, which corroborate his hypotheses. Overall, he

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<sup>72</sup> Clark, John M. and Sidne G. Ward (2008), "Consumer Behavior in Online Auctions: an Examination of Partitioned Prices on Ebay," *The Journal of Marketing Theory and Practice*, 16 (1), 57-66.

<sup>73</sup> Cheema, Amar (2008), "Surcharges and Seller Reputation," *Journal of Consumer Research*, 35 (June), 167-177.

finds that consumers contemplating a purchase from a low-reputation seller pay more attention to the fees and therefore have lower purchase intentions and lower willingness to pay. In contrast, those contemplating a purchase from a moderate or high-reputation seller, do not fully process information about fees which leads to higher willingness to pay and higher product acceptance intentions.



**Appendix D – Articles**

1. Abraham, Ajay T. and Rebecca W. Hamilton (2018), "When Does Partitioned Pricing Lead to More Favorable Consumer Preferences?: Meta-analytic Evidence," *Journal of Marketing Research*, 55(5), 686-703.
2. ACCC (2010), The Competition and Consumer Act., Legislation, Australian Competition & Consumer Commission, Australia, <https://www.accc.gov.au/about-us/australian-competition-consumer-commission/legislation>.
3. Blake, Tom, Sarah Moshary, Kane Sweeney, and Steve Tadelis (2021), "Price Saliency and Product Choice," *Marketing Science*, 40 (4), 619-636.
4. Büyükkurt, B. Kemal (1986), "Integration of Serially Sampled Price Information: Modeling and Some Findings," *Journal of Consumer Research*, 13 (December), 357-373.
5. Cheema, Amar (2008), "Surcharges and Seller Reputation," *Journal of Consumer Research*, 35 (June), 167-177.
6. Chetty, Raj, Adam Looney, and Kory Kroft (2009), "Saliency and Taxation: Theory and Evidence," *American Economic Review*, 99 (4), 1145-1177.
7. Clark, John M. and Sidne G. Ward (2008), "Consumer Behavior in Online Auctions: an Examination of Partitioned Prices on Ebay," *The Journal of Marketing Theory and Practice*, 16 (1), 57-66.
8. Dhar, Ravi, and Stephen M. Nowlis (1999), "The Effect of Time Pressure on Consumer Choice Deferral," *Journal of Consumer Research*, 25 (4), 369-384.
9. Ellison, Glen and Sarah Fisher Ellison (2009), "Obfuscation, and Price Elasticities on the Internet," *Econometrica*, 77 (2), 427-452.
10. Estelami, Hooman (2003), "Strategic Implications of a Multi-Dimensional Pricing Environment," *Journal of Product & Brand Management*, 12 (5), 322-334.
11. Farrell, Joseph (2012), "Consumer and Competitive Effects of Obscure Pricing," Presentation, Conference on the Economics of Drip Pricing, May 21, Federal Trade Commission, Washington, DC.

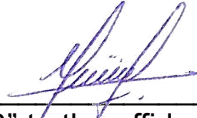
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14. Gabaix, Xavier, and David Laibson (2006), "Shrouded Attributes, Consumer Myopia, and Information Supression in Competitive Markets," *The Quarterly Journal of Economics*, 121 (2), 505-540.
15. Godfrey, Sandra S., Pamela R. Rothstein, and Kenneth R. Laughery (1985), "Warnings: Do They Make a Difference?" in Proceedings of the Human Factors and Ergonomics Society Annual Meeting, 29, 669-673.
16. Greenleaf, Eric A., Eric J. Johnson, Vicki G. Morwitz, and Edith Shalev (2016), "The Price does not Include Additional Taxes, Fees, and Surcharges: A Review of Research on Partitioned Pricing," *Journal of Consumer Psychology*, 26 (1), 105-124.
17. Grossman, Samuel J. (1981), "The Informational Role of Warranties and Private Disclosure About Product Quality," *The Journal of Law and Economics*, 24 (3), 461-483.
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19. Hogarth, Robin M. and Hillel J. Einhorn (1992), "Order Effects in Belief Updating: The Belief-Adjustment Model," *Cognitive Psychology*, 24, 1-55.
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21. Huck, Stefan, and Brian Wallace (2010), "The Impact of Price frames on Consumer Decision Making," Report, Office of Fair Trading, London, UK.
22. Kahneman, Daniel (2013), *Thinking, Fast and Slow*, New York: Farrar, Straus, and Giroux.
23. Kahneman, Daniel and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision under Risk," *Econometrica*, 47 (March), 263-291.

24. Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler (1990), "Experimental Tests of the Endowment Effect and the Coase Theorem," *Journal of Political Economy*, 98 (December), 1325-1348.
25. Kim, Hyeong Min (2006), "The Effect of Salience on Mental Accounting: How Intergration versus Segregation of Payment Influences Purchase Decisions," *Journal of Behavioral Decision Making*, 19, 381-391.
26. Kim, Hyeong Min and Luke Kachersky (2006), "Dimensions of Price Salience: A Conceptual Framework for Perceptions of Multi-Dimensional Prices," *Journal of Product and Brand Management*, 15 (2), 139-147.
27. Krishnan, Balaji C., Sujay Dutta, and Subhash Jha (2013), "Effectiveness of Exaggerated Advertised Reference Prices: The Role of Decision Time Pressure," *Journal of Retailing*, 89 (1), 105-113.
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51. Simons, Daniel J., and Daniel T. Levin (1997). "Change Blindness," *Trends in Cognitive Sciences*, 1 (7), 261-267.
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This is Exhibit "B" to the affidavit of Vicki Morwitz,  
affirmed remotely and stated as being located  
in the city of Delray Beach in the State of Florida,  
before me in the city of Ottawa in the province of Ontario,  
on January 5, 2024, in accordance with  
O. Reg 431/20, Administering Oath or Declaration Remotely.

**Miriam Varela Lizardi, a Commissioner, etc., Province  
of Ontario, for the Government of Canada,  
Department of Justice. Expires March 6, 2026.**  
**Miriam Varela Lizardi, commissaire, etc., province  
de l'Ontario, au service du gouvernement du  
Canada, ministère de la Justice.**  
**Date d'expiration : le 6 mars 2026.**

CT-2023-003

**THE COMPETITION TRIBUNAL**

**IN THE MATTER OF** the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

**AND IN THE MATTER OF** an application by the Commissioner of Competition for an order pursuant to section 74.1 of the *Competition Act* and subsection 74.01(1.1) of the *Competition Act*;

**BETWEEN:**

**COMMISSIONER OF COMPETITION**

**Applicant**

– and –

**CINEPLEX INC.**

**Respondent**

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**ACKNOWLEDGEMENT OF EXPERT WITNESS**

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I, Vicki Morwitz, acknowledge that I will comply with the Competition Tribunal’s code of conduct for expert witnesses which is describe below:

1. An expert witness who provides a report for use as evidence has duty to assist the Tribunal impartially on matters relevant to his or her area of expertise.
2. This duty overrides any duty to a party to the proceeding, including to person retaining the expert witness. An expert is to be independent and objective. An expert is not an advocate for a party.

January 5, 2024

Date

**Vicki Morwitz**  
 Vicki Morwitz  
 CN=Vicki Morwitz, E=vgm2113@gsb.columbia.edu  
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Vicki Morwitz



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Act*;

**BETWEEN:**

**COMMISSIONER OF COMPETITION**

**Applicant**

– and –

**CINEPLEX INC.**

**Respondent**

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**AFFIDAVIT OF VICKI MORWITZ  
(AFFIRMED JANUARY 5, 2024)**

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